

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
MAY 28, 2014
APPLICATION SUMMARY

NAME OF PROJECT: Southern Tennessee Medical Center

PROJECT NUMBER: CN1402-005

ADDRESS: 185 Hospital Drive
Winchester (Franklin County), TN 37398

LEGAL OWNER: Southern Tennessee Medical Center, LLC
1858 Hospital Road
Winchester, TN 37398

OPERATING ENTITY: Not Applicable

CONTACT PERSON: John Wellborn
(615) 665-2022

DATE FILED: February 14, 2014

PROJECT COST: \$834,135.00

FINANCING: Cash Reserves

PURPOSE FOR FILING: Initiation of positron emission tomography (PET) services

DESCRIPTION:

Southern Tennessee Medical Center (STMC), a 131 licensed bed acute care hospital, is seeking approval to initiate mobile PET services and to acquire PET equipment by lease at 185 Hospital Road, Winchester (Franklin County), TN 37398. If approved, Alliance Imaging will provide a staffed mobile PET/CT by lease at STMC's existing mobile services dock every Monday afternoon from 1-5 pm., one half-day per week.

SPECIFIC CRITERIA AND STANDARDS REVIEW:

POSITRON EMISSION TOMOGRAPHY SERVICES

1. Applicants proposing a new stationary PET unit should project a minimum of at least 1,000 PET procedures in the first year of service, building to a minimum of 1,600 procedures per year by the second year of service and for every year thereafter. Providers proposing a mobile PET unit should project a minimum of at least 133 mobile PET procedures in the first year of service per day of operation per week, building to an annual minimum of 320 procedures per day of operation per week by the second year of service and for every year thereafter. The minimum number of procedures for a mobile PET unit should not exceed a total of 1600 procedures per year if the unit is operated more than five (5) days per week. The application for mobile and stationary units should include projections of demographic patterns, including analysis of applicable population-based health status factors and estimated utilization by patient clinical diagnoses category (ICD-9).

For units with a combined utility, e.g., PET/CT units, only scans involving the PET function will count towards the minimum number of procedures.

The applicant projects the PET will perform 100 PET procedures in Year One of operation (2015) increasing to 175 in Year Two (2016). Since the PET will be operating one half-day of service per week, the requirements are halved to 67 and 160 procedures in Year One and Year Two.

It appears that this criterion has been met.

2. All providers applying for a proposed new PET unit should document that the proposed location is accessible to approximately 75% of the service area's population. Applications that include non-Tennessee counties in their proposed service areas should provide evidence of the number of existing PET units that service the non-Tennessee counties and the impact on PET unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity.

The applicant provides a table on page 24 of the application of the distance and drive time from the proposed PET location (Winchester, TN) to 7 major communities within the service area. The driving distance ranges from 9.3 miles to Belvidere (Franklin County), TN, to 33.8 miles to the communities of Altamont and Coalmont in (Grundy County), TN.

It appears that this criterion has been met.

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3. All providers should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

There are no other cardiac PET providers in the primary service area. The applicant is sharing the use of a mobile PET with other regional rural hospitals.

It appears that this criterion has been met.

4. Any provider proposing a new mobile PET unit should demonstrate that it offers or has established referral agreements with providers that offer as a minimum, cancer treatment services, including radiation, medical and surgical oncology services.

STMC offers medical and surgical oncology services on-site. STMC medical staff has referral relationships with regional hospitals for oncology care.

It appears that this criterion has been met.

5. A need likely exists for one additional stationary PET unit in a service area when the combined average utilization of existing PET service providers is at or above 80% of the total capacity of 2,000 procedures during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per PET unit is based upon the following formula:

Stationary Units: Eight (8) procedures/day x 250 days/year = 2,000 procedures/year

Mobile Units: Eight (8) procedures /day x 50 days/year= 400 procedures/year

The provider should demonstrate that its acquisition of an additional stationary or mobile PET unit in the service area has the means to perform at least 1,000 stationary PET procedures or 133 mobile PET procedures per day of operation per week in the first full one-year period of service operations, and at least 1,600 stationary PET procedures or 320 mobile PET procedures per day of operation per week for every year thereafter.

There are no existing PET services in the primary service area. The applicant expects to meet the utilization standard based on the one-half day per week availability.

It appears that this criterion has been met.

6. The applicant should provide evidence that the PET unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed PET unit for clinical use.

A FDA approval letter was included in the attachments to the application.

It appears that this criterion has been met.

- b. The applicant should demonstrate that the proposed PET procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

A letter from Medical Coaches (manufacturer) indicating compliance with current mobile PET vehicle codes is included in Supplemental #1.

It appears that this criterion has been met.

- c. The applicant should demonstrate how emergencies within the PET unit facility will be managed in conformity with accepted medical practice.

The applicant provided a copy of draft PET Clinic Emergency protocols in the supplemental response.

It appears that this criterion has been met.

- d. The applicant should establish protocols that assure that all clinical PET procedures performed are medically necessary and will not unnecessarily duplicate other services.

Draft protocols to assure medical appropriateness and medical necessity were included in the supplemental response

It appears that this criterion has been met.

- e. The PET unit should be under the medical direction of a licensed physician. The applicant should provide documentation that attests to the nature and scope of the duties and responsibilities of the physician medical director. Clinical supervision and interpretation services must be provided by physicians who are licensed to practice medicine in the state of Tennessee and are board certified in Nuclear Medicine or Diagnostic Radiology. Licensure and oversight for the handling of medical isotopes and radiopharmaceuticals

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by the Tennessee Board of Pharmacy and/or the Tennessee Board of Medical Examiners—whichever is appropriate given the setting—is required. Those qualified physicians that provide interpretation services should have additional documented experience and training, credentialing, and/or board certification in the appropriate specialty and in the use and interpretation of PET procedures.

Dr. John Allred, double board certified in Radiology and Neurology, will be the Medical Director of the proposed PET/CT service. The applicant provided a copy of Dr. Allred's resume and Board Certification verification.

It appears that this criterion has been met.

- f. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

No emergency transfer agreement is needed because the proposed PET service will be operated on-site at STMC. The Medical Director will be an active member of the STMC medical staff.

It appears that this criterion has been met.

7. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant states it will comply with all requests from the HSDA for timely data.

It appears that the applicant intends to meet these criteria.

8. In light of Rule 0720-4-.01 (1), which lists the factors concerning need on which an application may be evaluated, the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

The applicant provides documentation from the U.S. Health Resources and Services Administration that designates Franklin and Grundy Counties as medically underserved areas.

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It appears that this criterion has been met.

- b. Who documents that the service area population experiences a prevalence, incidence and/or mortality from cancer, heart disease, neurological impairment or other clinical conditions applicable to PET unit services that is substantially higher than the State of Tennessee average;

The applicant did not request special consideration for this standard.

- c. Who is a “safety net hospital” or a “children’s hospital” as defined by the Bureau of TennCare Essential Access Hospital payment program and/or is a comprehensive cancer diagnosis and treatment program as designated by the Tennessee Department of Health and/or the Tennessee Comprehensive Cancer Control Coalition; or

The applicant is not a safety net or children’s hospital. Criterion is not applicable.

- d. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

The applicant participates in all area TennCare MCOs and in Medicare. STMC is a Federally-Designated Disproportionate Share Provider as a result of serving a large number of Medicaid and uninsured individuals.

It appears that this criterion has been met.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

Southern Tennessee Medical Center operates two facilities in Franklin County, both with hospital and skilled nursing care (SNF) beds, under one consolidated hospital and one consolidated nursing home license. The current total licensed bed complement consists of 152 hospital beds and 46 skilled nursing facility beds. Of this total bed complement, the applicant indicates that 110 of 152 licensed hospital beds are currently staffed and that all 46 licensed skilled nursing facility beds are staffed. Per the Joint Annual Report, the licensed and staffed hospital bed occupancy was approximately 41.3% and 58%, respectively in 2012. In 2012, the 46 bed skilled nursing facility bed occupancy was 44.4%. According to the Department of Health and pertaining to the Joint Annual Reports, the following defines the two bed categories:

Licensed Beds- The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).

Staffed Beds-The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.

Initially, STMC's application CN0212-124A, was approved at the March 26, 2003 Agency meeting to provide PET/CT services one day every other week, or 26 days per year in Winchester (Franklin County), TN. After providing mobile PET/CT services from April 2005 to February 2007, STMC suspended the service. The suspension was a result of the relocation or retirement of several physicians who utilized the PET/CT, lowering the utilization to a point at which the mobile PET/CT vendor could not continue to provide services. Since the mobile STMC PET/CT was discontinued in February 2007, a Certificate of Need is required to again initiate the service at the prior location.

PET Scanner Equipment

- The proposed mobile PET/CT scanner is an FDA approved GE Discovery ST8 unit to be leased from Alliance Imaging.
- The applicant will be leasing the PET scanner system from Alliance Imaging for a period of 5 years. The Lease "fee per click" agreement in Years 1-3 will amount to \$785.00 for the first six procedures each day, and \$600.00 for any additional procedures.

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- STMC will provide physician supervision for the PET/CT, while the vendor Alliance Imaging will be providing a PET-certified Nuclear Medicine Technologist.
- On page 5 of supplemental 1, the proposed mobile PET/CT unit has a life of 5 additional years before a replacement or upgrade will be necessary.
- Alliance Imaging will obtain the FDG (radiopharmaceutical) for scans and will be included in the "per click" fee.
- The hours of operation for the PET service are expected to be Monday afternoons from 1-5 pm.

Ownership

- Southern Tennessee Medical Center (STMC) is owned by LifePoint Hospitals, Inc.
- LifePoint owns four hospitals in Southern Middle Tennessee: STMC (Winchester/Franklin County), Emerald-Hodgson Hospital (Sewanee/Franklin County), Crockett Hospital (Lawrenceburg/Lawrence county), and Hillside Hospital (Pulaski/Giles County).
- Attachment A.4 contains an organizational chart and a list of facilities owned by LifePoint Hospitals, Inc.

Facility Information

- A fully-supported mobile PET pad is already in place at STMC.
- No modification to the facility or the site is needed.
- A floor plan drawing of the mobile PET is included as Attachment B.IV.

Primary Service Area

STMC's declared primary service area is Franklin and Grundy Counties.

- The total population of the primary service area is estimated at 54,585 residents in calendar year CY 2014 increasing by approximately 1.5% to 55,415 residents in CY 2018.
- The total 65+ age population is estimated at 10,102 residents in CY 2014 increasing approximately 1.5% to 10,255 residents in 2018.
- The total population of the state of Tennessee is expected to grow 3.7% during the same timeframe.
- The latest 2013 percentage of the primary service area population enrolled in the TennCare program is approximately 19.8%, as compared to the statewide enrollment proportion of 18.2%.

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Secondary Service Area

The secondary service area consists of Lawrence, Giles, Coffee, and Lincoln Counties.

- The total population of the secondary service area is estimated at 160,198 residents in calendar year (CY) 2014 increasing by approximately 2.5% to 164,210 residents in CY 2018.
- The total 65+ age population is estimated at 26,289 residents in CY 2014 decreasing approximately 1.0% to 26,222 residents in 2018.
- The latest 2013 percentage of the secondary service area population enrolled in the TennCare program is approximately 19.6%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Primary Service Area Utilization and Patient Origin

As indicated earlier, there are no PET services located in the primary 2 county service area consisting of Grundy and Franklin Counties. Primary Service area 2013 patient migration reported by the HSDA for PET services is shown on the following page:

Primary Service Area
PET Patient Utilization (Grundy and Franklin Counties)

			2010	2011	2012	2013	'13 % of Total	'10-'13 Change
County	Provider	Fixed Units	Procs.	Procs.	Procs.	Procs.		
Coffee	United Regional Med. Ctr.	1 mobile	19	8	13	No Report	n/a	-31.5%
Davidson	Imaging Alliance - Nashville PET, LLC	1 Fixed	12	9	10	7	2.8%	-41.6%
Davidson	Tennessee Oncology, PET Services	1 fixed	13	7	11	14	5.7%	-7.6%
Davidson	Vanderbilt University Hospital	1 fixed	57	34	34	31	12.6%	-39.2%
Hamilton	Chattanooga Imaging East	1 Fixed	2	6	11	7	2.8%	+250%
Hamilton	Diagnostic PET/CT of Chattanooga	1 Fixed	15	8	14	14	5.7%	-6.6%
Hamilton	Memorial Hospital	1 fixed	9	6	3	5	2%	-44.4%
Rutherford	Tennessee PET Scan Center	1 fixed	127	125	134	164	67%	+129.1%
Other			9	31	2	3	1.2%	
	Total		263	234	232	245		-6.8%

Source: HSDA Medical Equipment Registry

- Utilization of PET services by residents in Grundy and Franklin Counties appears to be trending slightly downward from 263 procedures in 2010 to 245 procedures in 2013, or -6.8%.
- Tennessee PET Scan Center (Rutherford County) provided 164 of the total 245 Pet procedures, or 67%, to residents in the 2 county proposed service area.

PET Provider Dependence on Grundy and Franklin Counties

County	Provider	Primary Service Area Patients	Total Patients	% Primary Service Area Dependence
Davidson	Imaging Alliance - Nashville PET, LLC	7	7,704	.09%
Davidson	Tennessee Oncology, PET Services	14	6,168	.22%
Davidson	TriStar Centennial Medical Center	3	273	1.1%
Davidson	Vanderbilt University Hospital	31	3,340	.92%
Hamilton	Chattanooga Imaging East	7	501	1.4%
Hamilton	Diagnostic PET/CT of Chattanooga	14	1,124	1.2%
Hamilton	Memorial Hospital	5	780	.64%
Rutherford	Tennessee PET Scan Center	164	1,768	9.3%

Source: HSDA Medical Equipment Registry

The chart above reflects the following:

- Except for Tennessee PET Scan Center (Rutherford County) which is almost 10% dependent on service area patients for its PET service utilization, the other nearby providers outside the proposed service area were all between .09%-1.4% dependent on service area residents for their PET utilization.

Secondary Service Area Utilization and Patient Origin

United Regional Medical Center and Harton Regional Medical Center located in Coffee County are the only PET providers in the secondary service area. The following is a breakdown for each provider:

United Regional Medical Center

- United Regional Medical Center (CN0409-089A) was approved during the December 15, 2004 Agency meeting for the acquisition of 1 fixed PET/CT 2 days/month.
- URMCC's primary service area is Coffee County, and secondary service area includes Warren, Cannon, Bedford, and Franklin Counties.

Harton Regional Medical Center

- Harton Regional Medical Center filed a simultaneous application (CN0409-090) that was heard at the same December 15, 2004 Agency meeting, and was also approved to provide mobile PET services, but for one day per week.
- HRMC's primary service area consists of six zip codes: most of Coffee County, much of Moore County, much of Bedford County, and a portion of Franklin County.

Secondary Service area 2012 patient migration and PET provider dependence as reported to the HSDA Equipment Registry for PET services is reflected on the following page:

PET Provider Dependence on STMC's Proposed Secondary Service Area

County	Provider	Secondary Service Area Patients	Total Patients	% Secondary Service Area Dependence
Coffee	Harton Regional Medical Center	0	15	*
Coffee	United Regional Medical Center	58	127	45.6%
Davidson	Imaging Alliance - Nashville PET, LLC	45	1,838	2.4%
Davidson	Tennessee Oncology, PET Services	43	1,774	2.4%
Davidson	TriStar Centennial Medical Center	16	289	5.5%
Davidson	Vanderbilt University Hospital	100	3,401	3%
Maury	Maury Regional Medical Center	115	359	32%
Rutherford	Tennessee PET Scan Center	221	1,568	14.1%

**Harton Regional Medical Center does not report PET/CT patients by county.*

The chart above reflects the following:

- United Regional Medical Center and Maury Regional Medical Center's existing service area dependence from STMC's proposed secondary service area consist of 45.6% and 32%, respectively.

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Projected utilization for the applicant's PET/CT scanner is provided below:

STMC Projected PET Utilization

	(1 st Year) 2015 ½ day	Yr. One % of 133 Standard (mobile)	(2 nd year) 2016 ½ day	Year Two % of 320 standard (mobile)
PET Procedures	100	149%	175	109%

Source: STMC, CN1402-005

- In Year One, the applicant projects to perform 100 procedures, or 149% of the mobile PET procedure minimum (133 minimum x 1 day per week /one-half day=67).
- In Year Two, the applicant projects to perform 175 procedures, or 109% of the mobile PET minimum standard (320 minimum x 1 day per week/one-half day =160).

STMC has a cardiology program that offers both diagnostic and interventional catheterization services, and an oncology program that provides medical and surgical services. The following table indicates the projected number of patients served in Year One and Year Two by specialty:

Specialty	Year One	Year Two
Cardiology	0	0
Oncology	12	18
Neurology	65	80
Other	23	77
Total	100	175

Source: STMC, CN1402-005

- The above table indicates a majority of PET procedures will be conducted for Oncology and Neurology patients.
- STMC projects no PET procedures for cardiology patients in Year One and Year Two, the mobile PET/CT will not be equipped to perform cardiac scans.

Project Cost

Major costs are:

- The largest cost of the proposed project is the lease of the mobile PET system at \$636,635 or 76.3% of total project cost.

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- The next largest cost is \$164,500 for the Fair Market Value (FMV) of leased space or 19.7% of total project cost.
- For other details on Project Cost, see the Project Cost Chart on page 40 of the original application.

Historical Data Chart

- According to the Historical Data Chart, STMC reported the following net income after capital expenditures; \$10,546,012 in 2011, \$8,534,821 in 2012, and \$10,679,670 for 2013.

Projected Data Chart

The Projected Data Chart for the PET service reflects \$379,625 in total gross revenue on 100 procedures during the first year of operation and \$664,344 on 175 procedures in Year Two. The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$27,590 in Year One increasing to \$53,105 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to be approximately 66.3% of total gross revenue in Year One and 65.9% in Year Two, totaling \$1,114,469 and \$1,163,854, respectively.
- Gross operating margin is expected to be 7.2% in Year One and 8% in Year Two.

Charges

In Year One of the proposed project, the average charge per procedure information is as follows:

- The proposed average gross charge per PET procedure is \$3,796; however the net charge per procedure is \$1,280.
- According to the HSDA Medical Equipment Registry, the gross charge of \$3,796 is between the PET scanner 1st Quartile Charge of \$3,668 and the Median Charge of \$4,498 for the Year 2012.

Gross Charges per Procedure/Treatment
By Quartiles
2012

Equipment Type	1st Quartile	Median	3rd Quartile
PET Scanner	\$3,667.96	\$4,497.71	\$6,304.71

Source: HSDA Medical Equipment Registry Toolbox

Medicare/TennCare Payor Mix

- The expected payor mix for mobile PET in Year 1 includes 53.9% for Medicare and 15.4% for TennCare.
- STMC contracts with all TennCare MCOs in the service area: AmeriGroup, United Healthcare (AmeriChoice), and TennCare Select.

Financing

- A letter dated February 11, 2014 from John Copeland, CFO, confirms that Southern Tennessee Medical Center has the necessary financial resources in the amount of \$33,000.00 to fund the actual capital expenditures of the proposed project.
- STMC's audited financial statements for the period ending December 13, 2013 indicates \$64,521 in cash and cash equivalents, total current assets of \$12,400,679, total current liabilities of \$5,406,596 and a current ratio of 2.29:1.
- Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Staffing

Alliance Imaging will provide a staffed mobile PET/CT by lease. No additional staff will be hired by STMC.

Licensure/Accreditation

- STMC is accredited by The Joint Commission and the American College of Radiology.

The applicant has submitted the required information on corporate documentation, lease, and manufacturer's quote including maintenance contract, and FDA approval. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.

Should the Agency vote to approve this project, the CON would expire in three years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or outstanding Certificates of Need for this applicant.

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LifePoint Hospitals, Inc. has a financial interest in this application and the following:

Pending Applications

Star Regional Medical Center—Etowah, CN1404-009, has a pending application scheduled to be heard at the July 23, 2014 Agency meeting. The application proposes to expand the hospital's existing ten (10) bed geri-psychiatric unit to fourteen (14) beds. If approved, the applicant will close four (4) general hospital beds at Etowah with the result that the licensed beds at Etowah (72) and the total consolidated licensed beds (190) for both the Etowah and Athens hospitals will not change. **The estimated project cost is \$1,283,000.**

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, pending or denied applications, or outstanding Certificates of Need for other health care organizations proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
(05/01/14)

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LETTER OF INTENT

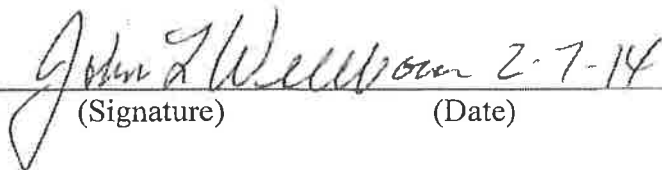
LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Chattanooga Times-Free Press, which is a newspaper of general circulation in Franklin County, Tennessee, on or before February 10, 2014, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Southern Tennessee Medical Center (a hospital), owned and managed by Southern Tennessee Medical Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to initiate mobile PET/CT (positive emission tomography) scanning services at its main hospital campus at 185 Hospital Road, Winchester, Tennessee 37398, at a project cost estimated at \$835,000. The PET/CT unit will provide service to patients one half-day every week.

Southern Tennessee Medical Center is a two-facility general hospital licensed by the Board for Licensing Health Care Facilities, Tennessee Department of Health, for 152 hospital beds (of which 131 are at its Winchester campus. The project will not change its licensed bed complement, or initiate or discontinue any type of health service other than PET/CT scanning. It will include no type of major medical equipment other than the mobile PET/CT unit.

The anticipated date of filing the application is on or before February 14, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.



(Signature)

(Date)

jwdsg@comcast.net

(E-mail Address)

COPY

-Application

Southern

Tennessee

Medical Ctr.

CN1402-005

2014-11-10-02

PART A**1. Name of Facility, Agency, or Institution**

Southern Tennessee Medical Center		
<i>Name</i>		
185 Hospital Road	Franklin	
<i>Street or Route</i>	<i>County</i>	
Winchester	TN	37398
<i>City</i>	<i>State</i>	<i>Zip Code</i>

2. Contact Person Available for Responses to Questions

John Wellborn		Consultant	
<i>Name</i>		<i>Title</i>	
Development Support Group		jwdsg@comcast.net	
<i>Company Name</i>		<i>E-Mail Address</i>	
4219 Hillsboro Road, Suite 210	Nashville	TN	37215
<i>Street or Route</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>
CON Consultant	615-665-2022	615-665-2042	
<i>Association With Owner</i>	<i>Phone Number</i>	<i>Fax Number</i>	

3. Owner of the Facility, Agency, or Institution

Southern Tennessee Medical Center, LLC		
<i>Name</i>		
Same as in #1 above		
<i>Street or Route</i>		<i>County</i>
Winchester	TN	37398
<i>City</i>	<i>State</i>	<i>Zip Code</i>

4. Type of Ownership or Control (Check One)

A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	x
D. Corporation (For-Profit)		I. Other (Specify):	
E. Corporation (Not-for-Profit)			

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

5. Name of Management/Operating Entity (If Applicable) **NA**

<i>Name</i>		
<i>Street or Route</i>	<i>County</i>	
<i>City</i>	<i>State</i>	<i>Zip Code</i>

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership	x	D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of ____ Years			

7. Type of Institution (Check as appropriate—more than one may apply)

A. Hospital (Specify): General	x	I. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty		J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional Habilitation Facility (ICF/MR)		P. Other Outpatient Facility (Specify):	
		Q. Other (Specify):	

8. Purpose of Review (Check as appropriate—more than one may apply)

		G. Change in Bed Complement Please underline the type of Change: Increase, Decrease, Designation, Distribution, Conversion, Relocation	
A. New Institution		H. Change of Location	
B. Replacement/Existing Facility		I. Other (Specify):	
C. Modification/Existing Facility			
D. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify) Mobile PET/CT	x		
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9. Bed Complement Data (Southern TN Medical Center @ Winchester)
(Please indicate current and proposed distribution and certification of facility beds.)

	Current Licensed Beds	CON approvd. beds (not in service)	Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical					
B. Surgical	84		54	NC	84
C. Long Term Care Hosp.					
D. Obstetrical	13		12	NC	13
E. ICU/CCU	10		10	NC	10
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric	12		12	NC	12
J. Child/Adolesc. Psych.					
K. Rehabilitation	12		12	NC	12
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)					
N. Nursing Facility Lev. 2 (Medicare only)					
O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid)	26		26	NC	26
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child/Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL	131 Hosp	NA	100 Hosp	NC	131 Hosp
	26 SNF		26 SNF		26 SNF

10. Medicare Provider Number:	44-058
Certification Type:	acute care hospital
11. Medicaid Provider Number:	044-0058
Certification Type:	acute care hospital

Note: Licensed Beds here are part of consolidated 152-bed license at both locations.

9. Bed Complement Data (Emerald Hodgson Hospital @ Sewanee)
(Please indicate current and proposed distribution and certification of facility beds.)

	Current Licensed Beds	CON approved beds (not in service)	Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical	21		21	NC	21
B. Surgical					
C. Long Term Care Hosp.					
D. Obsetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)					
N. Nursing Facility Lev. 2 (Medicare only)					
O Nursing Facility Lev. 2 (dually certified)	20		20	NC	20
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child/Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL	21 Hosp.	NA	21 Hosp	NC	21 Hosp.
	20 SNF		20 SNF		20 SNF

10. Medicare Provider Number:	44-058
Certification Type:	acute care hospital
11. Medicaid Provider Number:	044-0058
Certification Type:	acute care hospital

Note: Licensed Beds here are part of consolidated 152-bed license at both locations.

12. & 13. See page 4

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

This is an existing hospital that is already certified to participate in both programs.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes. IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

Table One: Contractual Relationships with Service Area MCO's	
Available TennCare MCO's	Applicant's Relationship
AmeriGroup	contracted
United Healthcare Community Plan	contracted
Select	contracted

SECTION B: PROJECT DESCRIPTIONB.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

- Southern Tennessee Medical Center (STMC) in Winchester (Franklin County) is applying to reinstate its mobile PET/CT service--which was granted CON approval in March 2003 (CN0212-124), but was discontinued in February 2007. The reasons for discontinuation were medical staff departures that resulted in utilization reductions, a mobile vendor unwilling to continue coming to the hospital for a reduced number of procedures, and lack of a local radiologist comfortable with interpreting PET studies.
- This project is to resume offering PET/CT service, through a contract with Alliance Imaging, one of the nation's largest provider of mobile services to hospitals. Alliance will provide staffed mobile PET/CT services on the STMC campus, at STMC's existing mobile services dock, one half-day every week. The currently planned time of service will be every Monday afternoon from 1-5 pm.
- The currently identified equipment to be brought to STMC is a GE Discovery ST8 PET/CT scanner. Alliance will provide a qualified PET/CT technologist to assist the local Medical Director in providing the test.

Ownership Structure

- The applicant, Southern Tennessee Medical Center, LLC, is owned by LifePoint Hospitals, Inc, through two other subsidiaries wholly owned by Lifepoint Hospitals, Inc.
- Attachment A.4 contains more details, an organization chart, and information on the Tennessee facilities owned by this facility's parent organization.

Service Area

- STMC is the largest acute care facility in LifePoint's Southern Tennessee Regional Health System. That four-hospital system is composed of Southern Tennessee Medical Center (Winchester / Franklin County), Emerald-Hodgson Hospital (Sewanee / Franklin County), Crockett Hospital (Lawrenceburg / Lawrence County), and Hillside Hospital (Pulaski / Giles County). Each is a rural hospital that is the only hospital in its county. All four are Federally-designated disproportionate share providers, due to very high levels of Medicare and TennCare/Medicaid services.
- The primary service area of the project will be Franklin and Grundy Counties. There is no other PET/CT service available in these two counties. Secondary service area counties will include Lawrence, Giles, Coffee, and Lincoln Counties.

Need

- PET/CT is an important outpatient clinical test utilized by several medical specialties.
- Mobile PET/CT was once approved for this hospital, and was offered until medical staff changes in 2006-2007 lowered utilization and the vendor suspended the service. Now there is no fixed or mobile PET service now located in the service area.
- Almost 500 patients each year are leaving the four primary and secondary service area counties to obtain PET tests.
- STMC physicians estimate referring 216 patients annually to a mobile unit at STMC that is available weekly and offers expert local interpretation for speed of diagnosis. The combined medical staffs of the four hospitals in STMC's Regional Health System estimate 324 patient referrals to this unit annually.
- The applicant very conservatively projects an annual retention rate of at least 175 PET/CT procedures by Year Two. That projection exceeds the State Health Plan CON criterion of 160 procedures annually for service operated 26 days per year.
- Restoring on-site availability of this service will significantly increase its accessibility for local patients needing to obtain PET/CT examinations close to home.

Existing Resources

- There are no PET/CT services located in the two-county primary service area. There are a mobile and a fixed PET/CT service at two hospitals in the secondary service area (at Manchester and Tullahoma in Coffee County).

Project Cost, Funding, Financial Feasibility, Staffing

- After the CON process, re-starting this service will be financially risk-free. It requires no capital expenditure for property, plant, or equipment. The hospital's mobile services pad has all the utilities in place needed to resume this service. (The CON project cost is \$753,000 only because HSDA rules require it to include fees paid to the vendor during the term of the contract, as well as the market value of the vendor's mobile unit).
- The project is financially feasible. The mobile service vendor will be compensated by the applicant at a fixed fee per procedure, with no minimum volume requirement. The proposed service will have a positive financial margin. The hospital's gross charges for PET/CT scans will be highly competitive compared to those of providers who are currently serving patients from STMC's service area.
- The vendor will provide the one certified PET/CT tech needed to assist in the procedure. The service will be under the medical direction of John Allred, M.D., the hospital's radiologist, who is double Board-certified in Neurology and Radiology.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.*) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

Not applicable. No modification to the facility or the site is required. STMC has a fully-supported mobile services pad in place that was used for a mobile PET service for several years.

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART....

Not applicable.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

Not applicable.

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

The Applicant

The applicant is Southern Tennessee Medical Center (“STMC”). It belongs to the Southern Tennessee Regional Health System (“STRHS”), an organization of four rural facilities who are the only acute care providers located in Franklin, Giles, and Lawrence Counties. The system’s central administrative office is at STMC in Winchester.

The LifePoint Hospitals system, based in the Nashville area, is the parent company of all four facilities. LifePoint organized STRHS in 2013 to share best clinical practices for quality care, to achieve operational efficiencies, to create economies of scale in the addition and expansion of services, and to expand access to primary care services in the region.

The STRHS facilities are shown in Table Two below. STMC and Emerald-Hodgson, both in Franklin County, have a common 152-bed license, with STMC being the main campus. The Pulaski and Lawrenceburg hospitals are separately licensed. Each licensed entity is the only acute care provider in its county. All these hospitals are Federally-designated “Disproportionate Share Providers” because of their unusually high levels of service to elderly and low-income patients.

Table Two: Southern Tennessee Regional Health System (LifePoint)		
Facility	City / County	Licensed Beds Onsite
Southern Tennessee Medical Center	Winchester / Franklin Co.	131 *
Emerald-Hodgson Hospital	Sewanee / Franklin Co.	21 *
Hillside Hospital	Pulaski / Giles Co.	95
Crockett Hospital	Lawrenceburg / Lawrence Co.	99
<i>Total Beds in STRHS</i>		<i>346</i>

**The two Franklin County facilities have a shared 152-bed license.*

The proposed mobile PET/CT service will be provided at the STMC Winchester campus. It is an hour and a half drive southeast of Nashville, west of I-24, in central Franklin County. STMC’s two-hospital system has a TennCare payor mix of

approximately 15.4% and a Medicare payor mix of approximately 53.9%. It also provides charity care. STMC's services include a Cardiology program with both diagnostic and interventional catheterization services, and an Oncology program offering medical and surgical services.

The Project

STMC was granted CNQ212-124 to provide mobile PET/CT services one day every other week, or 26 days per year. That service operated from April 2005 through February 2007. It was suspended because several physicians who utilized the service either relocated or retired, lowering its utilization to a point at which the mobile vendor was unwilling to continue servicing STMC patients. Now the medical staff has expanded at STMC, and is requesting weekly, on-site access to PET/CT with on-site interpretation. HSDA staff has advised STMC to obtain a new Certificate of Need before reinstating the mobile service after such a long period of inactivity.

This project is similar to the one approved and implemented several years ago, in scope of service (onsite mobile PET/CT) and in annual days of availability. But it provides greater accessibility by having the service on campus a half-day every week, rather than a full day every other week. It will be provided through a contract with Alliance Imaging, one of the State's largest providers of mobile PET/CT services. Alliance currently operates mobile PET/CT systems serving patients at more than 90 sites nationally.

Alliance will provide the service to STMC weekly, for a half-day on Mondays. This equates to 26 days of capacity annually. The mobile unit will come to the hospital at approximately noon, with all required equipment and with a PET-certified nuclear medicine technologist who will prepare the equipment for service. It will dock at an existing mobile services pad near the Emergency Department, where utilities for connection are already available. The technologist will be responsible for patient transport to and from the unit (unless hospital assistance such as wheelchairs are needed). The hospital will provide physician supervision, direction, and written orders for all patients. The unit will offer scheduled service from 1:00 pm to 4:00 pm, but will remain in service each day as long as required to serve patients needing service that day.

Radiopharmaceuticals required for the PET examination--the FDG's--will be obtained by Allied from PETNET. The FDG will be administered within the mobile unit, by the STMC physician or the technologist, as required by State law. The technologist will then operate the PET equipment under the direction of the physician, who will be present or immediately available at all times during service to patients. Films and digital records of each study will be retained by both the hospital and PSA. The service's Medical Director, a Board-certified neuroradiologist, will interpret the study. An over-read contract for the first year is planned, and funding for it has been included in the project's listed expenses.

The contract that has been negotiated by LifePoint, STMC's parent company, is essentially risk-free for the hospital. Alliance Imaging will obtain the FDG (radiopharmaceutical), whose cost will be included in the "fee per click" that Alliance will charge STMC for each PET/CT procedure. The fee (in Years 1-3) will be \$785 for the first six procedures each day, and \$600 for any additional procedures that same day. There will be no minimum number of patients, or revenues, required of the hospital. If, for some reason, no patients need to be scanned on a scheduled day of mobile service, then with notice on the day before service, the unit will not come to the hospital and no costs will be incurred. If a patient unexpectedly cancels on the day of service, or does not appear when scheduled, the hospital will not be charged for the unused FDG.

The hospital will bill patients and their payors for the PET scan. The projected charge for the PET scan in Year One is \$3,450, lower than most other PET services in southern Middle Tennessee. The net margin per scan for by the hospital, after contractual adjustments, charity, bad debt, supply costs, vendor charges, and other expenses, is projected to be approximately \$276 per scan. The interpreting radiologist will bill his own professional fees. The hospital will pay for a year of over-read service from a contracted third party.

The actual capital cost of providing this service will be no more than \$33,000, including the costs of the State filing fee for the CON and a contingency for attorney and consulting fees. The PET unit and trailer have a market value of approximately \$625,000. However, because they are used by STMC in this project only 10% of the available time (four half-days out of twenty full workdays per month), their market value for application purposes has been prorated at 10% of that, or \$62,500. The same 10% proration has been applied to Allied's approximately \$204,000 annual maintenance

expenses on the equipment, for an annual maintenance cost to this project of \$20,400, or \$102,000 over the five-year first term of the contract.

In total, the estimated total cost for CON purposes is \$831,135--composed of the actual cash expense of \$33,000 for the CON process; prorated market values of fully maintained equipment (\$164,500), and fees paid to the vendor for the first contract term of five years (\$636,635). The \$33,000 actual cash requirement to implement the project will be paid by the hospital out of operating income.

If a CON is granted in May of 2014, the mobile PET can be in service at the hospital on or before July 1, 2014.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Not applicable. The project does not affect inpatient services.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

1. ADULT PSYCHIATRIC SERVICES
2. ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS
3. BIRTHING CENTER
4. BURN UNITS
5. CARDIAC CATHETERIZATION SERVICES
6. CHILD AND ADOLESCENT PSYCHIATRIC SERVICES
7. EXTRACORPOREAL LITHOTRIPSY
8. HOME HEALTH SERVICES
9. HOSPICE SERVICES
10. RESIDENTIAL HOSPICE
11. ICF/MR SERVICES
12. LONG TERM CARE SERVICES
13. MAGNETIC RESONANCE IMAGING (MRI)
14. MENTAL HEALTH RESIDENTIAL TREATMENT
15. NEONATAL INTENSIVE CARE UNIT
16. NON-RESIDENTIAL METHADONE TREATMENT CENTERS
17. OPEN HEART SURGERY
18. POSITIVE EMISSION TOMOGRAPHY.....

Summary of the Need for the Project

1. PET/CT is an important outpatient clinical test utilized by several medical specialties.
2. Mobile PET/CT was once approved for this hospital, and was offered until medical staff changes in 2006-2007 lowered utilization and the vendor suspended the service. Now there is no fixed or mobile PET/CT service now located in the service area.
3. Almost 500 patients each year are leaving the four primary and secondary service area counties to obtain PET/CT tests. STMC's primary service area medical staff (serving the hospitals in Franklin and Grundy County) have projected making 216 annual PET/CT referrals to an STMC mobile unit that is available weekly and offers expert local interpretation for speed of diagnosis. The combined medical staffs of the four hospitals in STMC's Regional Health System have estimated referring 324 patients to this unit.
4. The applicant very conservatively projects an annual retention rate of at least 175 PET/CT procedures by Year Two. That projection exceeds the State Health Plan's Year Two standard of 160 procedures annually for a mobile unit on this type of schedule.
5. Weekly access to PET/CT will provide greater accessibility for STMC patients.

Discussion of the Need for the Project

1. PET/CT Is An Important Clinical Test

PET scanning technology's most frequent use at this time is in detecting and diagnosing many forms of cancer, and in planning surgical and radiation therapy intervention to deal with cancer. In those areas of care it is unquestionably already the "gold standard" of excellence.

PET locates tumors that are too small to be detected either by other imaging technology, or by direct observation during surgery. It accurately maps tumors and identifies which areas should have highest priority for radiation treatment, and how treatment should be delivered with the least possible damage to healthy tissue nearby. It detects cancer earlier than any other tool, and identifies its sites more accurately, and earlier, than any other technology can do. It measures metabolic activity in the tumor, which is uniquely valuable in evaluating the disease and planning interventions. By providing better data, PET enhances cancer diagnosis and intervention, and also reduces unnecessary cancer surgery, radiation therapy, and medication. Finally, for monitored cancer survivors, it provides the earliest warning of any recurrence.

PET technology is also applicable in other fields. It is used in diagnosing and evaluating heart disease, and it has increasing neurological uses including conclusive differentiation of dementia from Alzheimer's. Research indicates that PET scanning may well become a significant medical tool for dealing with every condition that involves metabolic change in tissues--a vast potential.

Because of these benefits, PET's use has rapidly expanded in recent years. For large tertiary cancer care centers in urban areas, a fixed PET is now essential and financially feasible (due to declining machine prices and increasing scope of payor reimbursement). Patients living in every major urban area in the State now have access to PET technology at one to three locations within a short drive of their homes, at fixed units in major tertiary care centers, at both hospitals and physician offices.

However, large numbers of cancer victims live and are cared for in rural areas of Tennessee, such as the four counties of the Southern Tennessee Regional Health System. Rural patients need access to PET technology within a reasonable drive time, as much as urban patients need it. Rural residents can only obtain that access by using mobile services at local hospitals which have the specialists, the resources, and the commitment required to integrate PET studies into an effective and appropriate oncology program for rural patients, and which can coordinate their work with more comprehensive cancer centers in larger hospitals when necessary—eg, when radiation therapy is part of the patient care plan and the local hospital does not have a linear accelerator on-site, or a radiation oncologist on staff to manage radiation therapy.

Southern Tennessee Medical Center (STMC) in Winchester is such a facility, located in a growing rural area of the State, close to one of the region's most heavily traveled interstate corridors (between Nashville and Chattanooga). It has embarked (with multiple CON approvals) on a program of rebuilding and expansion of services (including cardiology with both diagnostic and interventional cardiac catheterization and other specialty services). STMC has made the required commitment to develop improved care programs for its patients. Oncologists rotate through the hospital weekly and are available for daily consults. Having access to mobile PET technology on a weekly basis will make oncology care more efficient for patients who do not need or want to leave their home county for diagnostic testing.

It will cost almost nothing to re-instate this suspended service, because it will use an existing PET/CT scanner that already exists, and is already serving Tennessee hospitals. The project will utilize available capacity on that mobile unit, so it will not even indirectly create any new PET capital expenditure by a vendor. The project imposes no financial risk on the hospital, because if adequate utilization does not occur, it can be suspended or discontinued without penalty and without loss of any significant investment.

2. STMC Did Offer Mobile/CT Services in the Recent Past

STMC was granted CN0212-124 for a mobile PET/CT service several years ago, and operated it until early 2007. It was suspended primarily because retirements and relocations of referring physicians lowered utilization to the point that the mobile vendor did not want to continue coming to STMC. Another factor was that the local radiologist

at the time chose to send studies off for interpretation, to a source that significantly delayed the diagnostic process and frustrated many physicians who wanted better service.

3. Significant Numbers of Area Residents Need PET/CT Tests and the Medical Staff Estimate Making Numerous Referrals to This Unit

The HSDA Registry provides clear documentation that significant numbers of service area patients are traveling outside the service area to obtain PET/CT scans. Table Three on the next page shows Registry data on PET patient destinations--i.e., where patients from the four Southern Tennessee Regional Health System counties are now obtaining their PET scans. (A slightly larger number may be leaving the area because the only PET service in Middle Tennessee that did not report CY2012 patient origin to the HSDA Registry is the mobile service of Harton Regional Medical Center in adjoining Coffee County, which performed only 15 scans that year.)

In 2012 (the most recent reported data), 478 patients left these counties for PET scans not available locally; almost half of whom (232) were residents of STMC's primary service area of Franklin and Grundy Counties. Persons leaving the area utilized twelve facilities in seven different counties. Approximately 58% of patients from Franklin and Grundy Counties were referred to a single PET/CT belonging to a Murfreesboro-based medical practice, whose oncologists rotate through STMC weekly.

STMC has polled medical staff not only at STMC itself, but at all four STRHS hospitals, to ascertain how many patients a month they felt they would refer to a weekly PET/CT service at STMC. Table Four on the second following page provides their responses. Support letters documenting responses are provided in the Attachments to this application.

STMC's medical staff in Winchester alone estimates making 216 annual PET/CT referrals. Associated medical staff at all *four* of the Southern Tennessee Regional Health System hospitals estimate making 324 annual PET/CT referrals to the mobile service. Both estimates exceed the applicable State Health Plan CON target of 160 annual scans for a mobile unit operating a half-day per week (320 annual scans for one full day per week, times 50% for a half-day per week).

**Table Three: Southern Tennessee Medical Center
PET/CT Providers for Patients from Franklin, Giles, Grundy, and Lawrence Counties
CY2012**

County	Provider Type	Provider	STMC PET/CT PSA			STMC PET/CT SSA		Service Area Total	Provider Total Utilization**	Service Area Percent of Total
			Franklin	Grundy		Giles	Lawrence			
Coffee	HOSP	Hartson Regional Medical Center***	NR	NR		NR	NR	NR		NR
Coffee	HOSP	United Regional Medical Center	12	2			1	15	127	11.81%
Davidson	ODC	Imaging Alliance - Nashville PET, LLC	7	1		10	15	33	1838	1.80%
Davidson	PO	Tennessee Oncology, PET Services	9	1		12	9	31	1774	1.75%
Davidson	HOSP	TriStar Centennial Medical Center	3			1	5	9	289	3.11%
Davidson	HOSP	Vanderbilt University Hospital	28	6		20	25	79	3401	2.32%
Hamilton	RPO	Chattanooga Imaging East	5	6				11	527	2.09%
Hamilton	ODC	Diagnostic PET/CT of Chattanooga	5	9				14	1179	1.19%
Hamilton	HOSP	Memorial Hospital	1	2				3	720	0.42%
Knox	ASTC	Thompson Cancer Survival Center - West				1		1	923	0.11%
Maury	HOSP	Maury Regional Medical Center *				35	74	109	359	30.36%
Rutherford	ODC	Tennessee PET Scan Center	106	28		32	2	168	1568	10.71%
Williamson	HOSP	Williamson Medical Center *	1			1	3	5	109	4.59%
		Total Service Area	177	55		112	134	478	12814	

Source: HSDA Medical Equipment Registry - 1/30/2014

* Mobile PET/C unit

**From all States

***Hartson Regional Hospital was the only PET provider of 32 Statewide (excluding St. Jude) who did not report PET patient origin.

**Table Four: Southern Tennessee Regional Health System
Medical Staff Projected Referrals to Mobile PET/CT at
Southern Tennessee Medical Center**

for	Hospital	Specialty	Estimated Monthly PET Referrals to STMC	Letter Documenting Support and Referrals
Dr. James Beall	Hillside	FP/IM	1	yes
Dr. Gregg Shepard	Crockett	Oncology	2	yes
Dr. Michael Boyd	Crockett	Surgeon	2	yes
Dr. Norman McNaulty	Crockett	Neurology	2	yes
Dr. Frank Rao	STMC	ENT	2	yes
Dr. Raymond Capps	STMC	Neurology	10	
Dr. Joanne Filchock	STMC	FP/IM	2	
Dr. David Martin	STMC	FP/IM	2	
Dr. Mat Petrilla	STMC	FP/IM	2	
Dr. Louis Koella	STMC	FP/IM	2	
	System MD's	Total per Mo	27	
		Total per Yr	324	
	STMC MD's Only	Total per Mo	18	
		Total per Yr	216	

Source: Medical Staff Letters of Support

4. STMC Has Made Conservative Utilization Projections

STMC recognizes that a number of patients who leave the service area for cancer care at comprehensive cancer centers (Centennial, Ascension, and Vanderbilt in Nashville, or Parkridge Memorial, or Erlanger in Chattanooga) will prefer to utilize physicians and equipment at those locations for consolidated programs of care.

However, there are also a group of patients who find unnecessary travel a hardship, and prefer to obtain a PET scan locally, or with minimal travel time, with the support of their specialists. For that reason, STMC has been very conservative in estimating the mobile service's initial retention of referrals projected by its own medical staff, and projected by medical staff at its affiliates in Lawrenceburg and Pulaski.

STMC's projected utilization for its mobile PET/CT service for the first two years of service are 100 and 175 procedures, respectively. In Year Two, that is only 81% of the referrals to it projected by its own medical staff (175/216). It is only 54% of the referrals to it projected by the medical staffs of all four affiliated hospitals in STMC's Southern Tennessee Regional Health System (175/324).

5. The Project Offers Improved Accessibility for Many Area Patients

It should be remembered that PET/CT is a relatively quick outpatient procedure to perform after the patient concludes a period of rest for uptake of the injected radiopharmaceutical. The test is not experimental any more. It should be physically as accessible as possible to patients whose incomes and age make travel to remote cities relatively difficult.

Table Five on the following page provides round trip mileages and times between the principal cities of the primary and secondary service areas, and current PET/CT services being utilized. Middle Tennessee cities with PET units currently used by this project's patients are approximately a one to three hour round-trip drive from STMC in Winchester. The Murfreesboro service most currently referred to is a two-hour drive round-trip.

Table Five: STMC's Accessibility to Cities With PET Providers Reporting CY2012 Patient Origin From Project Service Area								
	Murfreesboro	Nashville	Chattanooga	Manchester	Franklin	Columbia	Knoxville	Total Patients
Patients from STMC PET Primary Service Area	134	55	28	14	1	0	0	232
Patients from STMC PET Secondary Service Area	34	97	0	1	4	109	1	246
Driving Distance From STMC	57.6 miles	89.5 miles	61.8 miles	27 miles	87.4 miles	82.6 miles	171 miles	
Round-Trip	115.2 miles	179 miles	123.6 miles	54 miles	174.8 miles	165.2 miles	342 miles	
Drive Time From STMC	1 hr 1 minute	1 hr 29 minutes	1 hr 5 minutes	36 minutes	1 hr 34 minutes	1 hr 34 minutes	2 hrs 41 minutes	
Round-Trip	2 hrs 2 minutes	2 hrs 58 minutes	2 hrs 10 minutes	1 hr 12 minutes	3 hrs 8 minutes	3 hrs 8 minutes	5 hrs 22 minutes	

Source: HSDA Registry patient data Jan 2014; Google Maps driving distances and times

FEB 14 14 AM 10:00

B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

Not applicable.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

1. For fixed site major medical equipment (not applicable)
2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost;
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.
3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

The mobile PET unit owned by Allied Imaging includes a trailer, tractor, and an FDA-approved GE Discovery ST8 PET/CT scanner manufactured in 2006. The life of the equipment is 5 years. The current market value of the unit is \$625,000; the maintenance in Years 1-5 would be \$1,020,000 (at \$204,000 annually). At a proration of 10% (in use at Winchester 2 days out of 20, every month), this would be \$164,500 fair market value of the equipment and maintenance contract for this service. This unit performs the standard range of PET procedures. It is FDA-approved. This equipment is owned by Alliance Imaging. The fee paid to the vendor per procedure will be \$785 for the level of utilization projected. The draft contract is provided in the Attachments.

The unit currently selected now serves Williamson Medical Center in Franklin on Mondays, Maury Regional Hospital in Columbia on Tuesdays, Baptist DeSoto Hospital in Southaven, MS on Wednesdays, Northcrest Medical Center in Springfield on Thursdays, Baptist Memorial Health Care in Union City on Fridays, and Harton Regional Medical Center in Tullahoma on the first Saturday of every month. It would serve STMC in Winchester on Monday afternoons each week.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

1. SIZE OF SITE (IN ACRES);
2. LOCATION OF STRUCTURE ON THE SITE;
3. LOCATION OF THE PROPOSED CONSTRUCTION; AND
4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

STMC in Winchester is very accessible to all parts of its two-county service area. US Highways 64 and 41A, and State Highways 127 and 50, among others radiate out from Winchester to all parts of its service area. Table Six below shows typical drive times and distances from STMC to the larger communities in the primary service area. There is no bus service in Winchester; but area patients are accustomed to coming to the hospital using private transportation.

Table Six: Accessibility of Primary Service Area Communities to Southern Tennessee Medical Center			
County	Community	One-Way Distance	Drive Time
Franklin	Belvidere	9.3 miles	12 minutes
	Huntland	17.1 miles	19 minutes
	Monteagle	17.0 miles	24 minutes
	Alto	13.9 miles	16 minutes
Grundy	Pelham	17.8 miles	20 minutes
	Altamont	33.8 miles	43 minutes
	Coalmont	35.8 miles	43 minutes

Source: Google Maps, February 2014

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

- 1. EXISTING SERVICE AREA (BY COUNTY);**
- 2. PROPOSED SERVICE AREA (BY COUNTY);**
- 3. A PARENT OR PRIMARY SERVICE PROVIDER;**
- 4. EXISTING BRANCHES AND/OR SUB-UNITS; AND**
- 5. PROPOSED BRANCHES AND/OR SUBUNITS.**

Not applicable. The application is not for a home care organization.

C(I) NEED

C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.

A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.

B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

Project-Specific Review Criteria: PET (State Health Plan)

1. Applicants proposing a new stationary PET unit should project a minimum of at least 1,000 PET procedures in the first year of service, building to a minimum of 1,600 procedures per year by the second year of service and for every year thereafter. Providers proposing a mobile PET unit should project a minimum of at least 133 mobile PET procedures in the first year of service per day of operation per week, building to an annual minimum of 320 procedures per day of operation per week by the second year of service and for every year thereafter. The minimum number of procedures for a mobile PET unit should not exceed a total of 1600 procedures per year if the unit is operated more than five (5) days per week. The application for mobile and stationary units should include projections of demographic patterns, including analysis of applicable population-based health status factors and estimated utilization by patient clinical diagnoses category (ICD-9).

For units with a combined utility, e.g., PET/CT units, only scans involving the PET function will count towards the minimum number of procedures.

For a mobile service operating at a site for one day per week, this criterion requires annual utilization in Years One and Two of 133 and 320 procedures, respectively. Consultation with HSDA staff has confirmed that for *one half-day of service per week*, these requirements are to be halved, to 67 and 160 procedures in Years One and Two.

This proposal exceeds the minimum criterion. It will provide 100 and 175 procedures annually in its first two years of service.

Demographic patterns have been projected in Section C(I)4A below. It is not relevant to analyze “population-based health status factors” for this particular project, because HSDA Registry data has already documented the actual number of PET scans being ordered for the care of residents of this area. Such empirical data is superior to speculative projections of PET scan need based on cancer rates. Projection by ICD-9 level data is not possible for this project, because the applicant has no access to that kind of data. As an alternative, utilization by CPT codes is offered in the table in Section C(II)6B below.

2. All providers applying for a proposed new PET unit should document that the proposed location is accessible to approximately 75% of the service area’s population. Applications that include non-Tennessee counties in their proposed service areas should provide evidence of the number of existing PET units that service the non-Tennessee counties and the impact on PET unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity.

Table Six, shown in an earlier section of this application, demonstrates that the principal towns of the service area (other than Winchester, where the project is located) are within a reasonable drive time. Even the farthest are less than 45 minutes’ drive time from STMC and this project.

Table Six (Repeated): Accessibility of Primary Service Area Communities to Southern Tennessee Medical Center			
County	Community	One-Way Distance	Drive Time
Franklin	Belvidere	9.3 miles	12 minutes
	Huntland	17.1 miles	19 minutes
	Monteagle	17.0 miles	24 minutes
	Alto	13.9 miles	16 minutes
Grundy	Pelham	17.8 miles	20 minutes
	Altamont	33.8 miles	43 minutes
	Coalmont	35.8 miles	43 minutes

Source: Google Maps, February 2014

3. All providers should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

This is a shared service. It is sharing in the use of a mobile PET unit that serves a number of significant rural hospitals in Tennessee. There are no alternative PET/CT's in the applicant's service area. So this will be the most accessible and available such service for patients of these counties. The cost is minimal and the contractual arrangement is virtually risk-free. Quality of care will be assured by the experience of the Allied Imaging PET technologist accompanying and maintaining the equipment, and by the medical supervision of the hospital's neuroradiologist, who will be qualified to provide and interpret the service.

4. Any provider proposing a new mobile PET unit should demonstrate that it offers or has established referral agreements with providers that offer as a minimum, cancer treatment services, including radiation, medical and surgical oncology services.

Medical and surgical oncology services are available locally at STMC. Radiation therapy is provided at more distant facilities in Columbia, Chattanooga, Murfreesboro, and Nashville. The medical staff working in oncology care all have referral relationships to those providers. Hospitals themselves do not make referrals.

5. A need likely exists for one additional stationary PET unit in a service area when the combined average utilization of existing PET service providers is at or above 80% of the total capacity of 2,000 procedures during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per PET unit is based upon the following formula:

Stationary Units: Eight (8) procedures/day x 250 days/year = 2,000 procedures/year

Mobile Units: Eight (8) procedures /day x 50 days/year= 400 procedures/year

The provider should demonstrate that its acquisition of an additional stationary or mobile PET unit in the service area has the means to perform at least 1,000 stationary PET procedures or 133 mobile PET procedures per day of operation per week in the first full one-year period of service

operations, and at least 1,600 stationary PET procedures or 320 mobile PET procedures per day of operation per week for every year thereafter.

Not applicable. This application does not propose to establish a new stationary PET/CT or even a new mobile service. It seeks only to add a site to an existing mobile service.

6. The applicant should provide evidence that the PET unit is safe and effective for its proposed use.

a. The United States Food and Drug Administration (FDA) must certify the proposed PET unit for clinical use.

The FDA documentation has been provided in the Attachments.

b. The applicant should demonstrate that the proposed PET procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

Allied Imaging's vehicle, equipment and operating procedures do comply with all applicable Federal standards, manufacturer's specifications, and licensing requirements. It is contractually guaranteed. In addition, the hospital itself is responsible for patient care with this equipment. The hospital and its staff operate in complete conformity to State licensing requirements, and this additional imaging service will be operated just as carefully.

c. The applicant should demonstrate how emergencies within the PET unit facility will be managed in conformity with accepted medical practice.

All hospitals have long-established protocols for dealing with emergencies on their premises and these will be applicable to the mobile unit while it is on the STMC campus.

d. The applicant should establish protocols that assure that all clinical PET procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant commits to undertake this immediately upon CON approval. The service will not be offered until appropriate protocols are in place.

e. The PET unit should be under the medical direction of a licensed physician. The applicant should provide documentation that attests to the nature and scope of the duties and responsibilities of the physician medical director. Clinical supervision and interpretation services must be provided by physicians who are licensed to practice medicine in the state of Tennessee and are board certified in Nuclear Medicine or Diagnostic Radiology. Licensure and oversight for the handling of medical isotopes and radiopharmaceuticals by the Tennessee Board of Pharmacy and/or the Tennessee Board of Medical Examiners—whichever is appropriate given the setting—is required. Those qualified physicians that provide interpretation services should have additional documented experience and training, credentialing, and/or board certification in the appropriate specialty and in the use and interpretation of PET procedures.

The Medical Director will be John Allred, M.D. Dr. Allred is double Board-certified in Radiology and Neurology. He completed medical school at the University of Alabama School of Medicine in Birmingham, interned at Hennepin County Medical Center in Minnesota, completed his residency in diagnostic radiology at the University of Minnesota in Minneapolis, and completed a Fellowship in Neuroradiology at Vanderbilt Medical School in Nashville. Among his many honors and awards were recognition as Fellow/Faculty Teacher of the Year in 2006, 2008, 2009, and 2010, and Senior Residents Special Recognition Award for the Most Influential Attending Physician (2010).

In preparation for this role with the STMC PET, Dr. Allred has scheduled additional continuing education in PET interpretation and is discussing an over-read arrangement with STMC and a major PET interpretation organization. Dr. Allred's resume and Board Certification documentation are in the Attachments to this application.

f. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

No emergency transfer agreement is needed because this will be a service of the hospital, operated on the hospital's grounds. The Medical Director will be an active member of this hospital's own medical staff.

7. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant hereby commits to comply with Statewide reporting requirements of the HSDA Registry.

8. In light of Rule 0720-4-.01 (1), which lists the factors concerning need on which an application may be evaluated, the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

Please see the Attachments ("Miscellaneous") for documentation that Franklin and Grundy Counties do contain medically underserved areas.

b. Who documents that the service area population experiences a prevalence, incidence and/or mortality from cancer, heart disease, neurological impairment or other clinical conditions applicable to PET unit services that is substantially higher than the State of Tennessee average;

Not applicable.

c. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program and/or is a comprehensive cancer diagnosis and treatment program as designated by the Tennessee Department of Health and/or the Tennessee Comprehensive Cancer Control Coalition; or

Not applicable.

d. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

STMC is already contracted with all three of the TennCare MCO's authorized to operate in its two service area counties, and is committed to remain contracted with them.

The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans. Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

The project will improve patient care by making this service more physically accessible to patients who now must leave the service area to obtain PET/CT tests. STMC, as the lead hospital of a four-hospital rural health group, is organizing this service in collaboration with medical staffs of all four hospitals.

2. Access to Care

Every citizen should have reasonable access to health care. Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

The application has demonstrated area residents' excessive drive times to and from current PET/CT services in other counties. This project directly addresses that issue and significantly improves access time to PET/CT diagnosis.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

The provision of PET/CT service closer to the homes of STMC patients offers increased efficiency in obtaining care.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

The applicant is licensed and accredited to offer a full range of diagnostic services including this one, which the applicant did offer until 2007.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

This project does not impact any teaching or health professions training programs.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

The project seeks to restore an important diagnostic test option for physicians and patients in this rural service area.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

The service's primary service area will be approximately the same as the hospital's: Franklin and Grundy Counties, where more than 83% of STMC's admissions reside.

A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

Table Seven: Projected Patient Origin of PCET Surgery Center			
County	Percent of Total	Year 1 Procedures	Year 2 Procedures
Franklin	69%	69	121
Grundy	15%	15	26
Subtotal PSA	84%	84	147
Other Co. <5% ea.	16%	16	28
Total All Counties	100%	100	175

Source: Practice records for patient origin; cases projected in Table 6-A.

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Table Eight on the following page provides the requested data. The service area population's median age (41.4 years) is higher than the Statewide median (38 years). Similarly, the percent of the total population that is Medicare age is 18.5% compared to the State average of 14.9%. The service area population is projected to increase more slowly than the State as a whole--at a rate of 1.5% between 2014 and 2018, compared to a State rate of 3.7%.

The service area counties have lower median incomes than the State, and together they have only a slightly higher percent of population in TennCare. However, primarily due to Grundy County, the service area has a much higher percent of its population below the poverty level (22.5%) than does Tennessee as a whole (16.9%).

Table Eight: Demographic Characteristics of Primary Service Area STMC PET/CT Service 2013-2017				
Demographic	Franklin County	Grundy County	TENNESSEE PSA	STATE OF TENNESSEE
Median Age-2010 US Census	41.3	41.4	41.4	38.0
Total Population-2014	41,230	13,355	54,585	6,588,698
Total Population-2018	42,122	13,293	55,415	6,833,509
Total Population-% Change 2013 to 2017	2.2%	-0.5%	1.5%	3.7%
Age 65+ Population-2014	7,465	2,637	10,102	981,984
% of Total Population	18.1%	19.7%	18.5%	14.9%
Age 65+ Population-2018	7,463	2,792	10,255	1,102,413
% of Total Population	17.7%	21.0%	18.5%	16.1%
Age 65+ Population- % Change 2013-2017	0.0%	5.9%	1.5%	12.3%
Median Household Income	\$41,625	\$26,644	\$34,134.50	\$44,140
TennCare Enrollees (10/13)	6,383	4,427	10,810	1,197,411
Percent of 2012 Population Enrolled in TennCare	15.5%	33.1%	19.8%	18.2%
Persons Below Poverty Level (2012)	6,556	3,873	10,429	1,113,490
Persons Below Poverty Level As % of Population (US Census)	15.9%	29.0%	22.5%	16.9%

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts and FactFinder2;
TennCare Bureau. PSA data is unweighted average or total of county data.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

Southern Tennessee Medical Center is accessible to all of the above groups. These patients often are limited in their abilities to travel long distances for healthcare; and this project will assist them by making an important cancer test available locally once again. The proposed service will be widely accessible.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

Southern Tennessee Medical Center is accessible to all of the above groups. These patients often are limited in their abilities to travel long distances for healthcare; and this project will assist them by making an important cancer test available locally once again. The proposed service will be widely accessible.

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

The service area contains no PET/CT service currently. Table Nine below, however, provides information on utilization of Tennessee PET Scan Center, the PET/CT provider in Murfreesboro that provided approximately 58% of all scans to Franklin and Grundy County patients in CY2012. This is an ODC operated by Tennessee Oncology, one of the State's largest oncology group practices, with offices in Nashville and Murfreesboro.

Table Nine: Utilization of Tennessee PET Scan Center CY2010-CY2012					
County	City	Name	2010 Procedures	2011 Procedures	2012 Procedures
Rutherford	Murfreesboro	Tenn. PET Scan Center	1,450	1,479	1,568

Source: HSDA Registry, 1/30/14.

C(1).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

The HSDA Registry provides clear documentation that significant numbers of service area patients are traveling outside the service area to obtain PET/CT scans. Table Three on the next page shows Registry data on PET patient destinations--i.e., where patients from the four Southern Tennessee Regional Health System counties are now obtaining their PET scans. (A slightly larger number may be leaving the area because the only PET service in Middle Tennessee that did not report CY2012 patient origin to the HSDA Registry is the mobile service of Harton Regional Medical Center in adjoining Coffee County, which performed only 15 scans that year.)

In 2012 (the most recent reported data), 478 patients left these counties for PET scans not available locally; almost half of whom (232) were residents of STMC's primary service area of Franklin and Grundy Counties. Persons leaving the area utilized twelve facilities in seven different counties. Approximately 58% of patients from Franklin and Grundy Counties were referred to a single PET/CT belonging to a Murfreesboro-based medical practice, whose oncologists rotate through STMC weekly.

STMC has polled medical staff not only at STMC itself, but at all four STRHS hospitals, to ascertain how many patients a month they felt they would refer to a weekly PET/CT service at STMC. Table Four on the second following page provides their responses. Support letters documenting responses are provided in the Attachments to this application.

STMC's medical staff in Winchester alone estimates making 216 annual PET/CT referrals. Associated medical staff at all *four* of the Southern Tennessee Regional Health System hospitals estimate making 324 annual PET/CT referrals to the mobile service.

Both estimates exceed the applicable State Health Plan CON target of 160 annual scans for a mobile unit operating a half-day per week (320 annual scans for one full day per week, times 50% for a half-day per week).

STMC recognizes that a number of patients who leave the service area for cancer care at comprehensive cancer centers (Centennial, Ascension, and Vanderbilt in Nashville, or Parkridge Memorial, or Erlanger in Chattanooga) will prefer to utilize physicians and equipment at those locations for consolidated programs of care.

However, there are also a group of patients who find unnecessary travel a hardship, and prefer to obtain a PET scan locally, or with minimal travel time, with the support of their specialists. For that reason, STMC has been very conservative in estimating the mobile service's initial retention of referrals projected by its own medical staff, and projected by medical staff at its affiliates in Lawrenceburg and Pulaski.

STMC's projected utilization for its mobile PET/CT service for the first two years of service are 100 and 175 procedures, respectively. In Year Two, that is only 81% of the referrals to it projected by its own medical staff (175/216). It is only 54% of the referrals to it projected by the medical staffs of all four affiliated hospitals in STMC's Southern Tennessee Regional Health System (175/324).

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- **ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.**

- **THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.**

- **THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.**

- **FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.**

In total, the estimated total cost for CON purposes is \$831,135--composed of the actual cash expense of \$33,000 for the CON process; prorated market values of fully maintained equipment (\$164,500), and fees paid to the vendor for the first contract term of five years (\$636,635). The \$33,000 actual cash requirement to implement the project will be paid by the hospital out of operating income.

Line B.4

Allied Imaging states that this PET unit and truck/trailer have a market value of approximately \$625,000. However, because they are used by STMC in this project only 10% of their available time (four half-days out of twenty full workdays per month), their market value for application purposes has been prorated at 10% of that, or \$62,500. The same 10% proration has been applied to Allied's approximately \$204,000 annual

maintenance expenses on the equipment, for an annual maintenance cost to this project of \$20,400, or \$102,000 over the five-year first term of the contract. The prorated \$62,500 equipment value and prorated \$102,000 maintenance expense were added together on line B4.

Line B5

The contract with Allied has a first term of five years. The contract calls for vendor fees of \$785 per scan. The applicant projected the first five years of volume to be 100, 175, 177 (+1%), 179 (+1%), and 180 (+15), or a total of 811 procedures. $811 \times \$785 = \$636,635$, which was entered in line B.5 in accordance with HSDA instructions.

PROJECT COSTS CHART -- STMC MOBILE PET SERVICE

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	\$	0
2. Legal, Administrative, Consultant Fees (Excl CON Filing)		30,000
3. Acquisition of Site		0
4. Preparation of Site		0
5. Construction Cost		0
6. Contingency Fund		0
7. Fixed Equipment (Not included in Construction Contract)		0
8. Moveable Equipment (List all equipment over \$50,000)		0
9. Other (Specify) _____		

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)		
2. Building only		
3. Land only		
4. Equipment (Specify) <u>mobile unit FMV</u>		164,500
5. Other (Specify) <u>Fees to Vendor in 5-yr contract term</u>		636,635

C. Financing Costs and Fees:

1. Interim Financing		0
2. Underwriting Costs		0
3. Reserve for One Year's Debt Service		0
4. Other (Specify) _____		0

D. Estimated Project Cost
(A+B+C)

831,135

E. CON Filing Fee (statutory minimum)

3,000

F. Total Estimated Project Cost (D+E)

TOTAL \$ 834,135

Actual Capital Cost 33,000
Section B FMV 801,135

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).

 A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

 B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

 C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

 D. Grants--Notification of Intent form for grant application or notice of grant award;

 x **E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or**

 F. Other--Identify and document funding from all sources.

The project will be funded/financed by Southern Tennessee Medical Center. Documentation of financing is provided in Attachment C, Economic Feasibility--2, by a letter from STMC's Chief Financial Officer.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The justification of costs is provided in Section C(II)1 above. No construction is required for this project.

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable.

HISTORICAL DATA CHART -- SOUTHERN TENNESSEE MEDICAL CENTER (COMBINED CAMPUSES)

Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in JANUARY.

		CY 2011	CY 2012	CY 2013
	Admissions	5584	5453	4952
	Patient Days	31,240	30,451	27,985
A.	Utilization Data			
B.	Revenue from Services to Patients			
1.	Inpatient Services	\$ 121,975,752	144,493,600	143,398,088
2.	Outpatient Services	99,938,584	128,752,811	146,091,017
3.	Emergency Services	15,154,462	15,833,655	19,372,427
4.	Other Operating Revenue	365,416	384,804	420,987
	(Specify) _____			
	Gross Operating Revenue	\$ 237,434,214	\$ 289,464,870	\$ 309,282,519
C.	Deductions for Operating Revenue			
1.	Contractual Adjustments	\$ 163,795,679	208,222,192	226,838,899
2.	Provision for Charity Care	313,952	251,444	298,857
3.	Provisions for Bad Debt	8,434,637	9,949,063	11,193,175
	Total Deductions	\$ 172,544,268	\$ 218,422,699	\$ 238,330,931
	NET OPERATING REVENUE	\$ 64,889,946	\$ 71,042,171	\$ 70,951,588
D.	Operating Expenses			
1.	Salaries and Wages	\$ 20,403,612	23,506,468	23,688,572
2.	Physicians Salaries and Wages			
3.	Supplies	9,340,853	10,848,018	11,014,165
4.	Taxes	3,095,596	3,445,493	3,461,531
5.	Depreciation	2,770,701	3,132,595	2,965,143
6.	Rent	302,796	17,282	24,345
7.	Interest, other than Capital		0	
8.	Management Fees			
	a. Fees to Affiliates	2,640,924	2,716,848	2,883,672
	b. Fees to Non-Affiliates			
9.	Other Expenses (Specify) <u>See notes page</u>	15,052,098	18,197,255	15,856,338
	Total Operating Expenses	\$ 53,606,580	61,863,959	59,893,766
E.	Other Revenue (Expenses) -- Net (Specify)	\$ 0	\$ 0	\$
	NET OPERATING INCOME (LOSS)	\$ 11,283,366	\$ 9,178,212	\$ 11,057,822
F.	Capital Expenditures			
1.	Retirement of Principal	\$ 0		\$
2.	Interest	737,354	643,391	378,152
	Total Capital Expenditures	\$ 737,354	\$ 643,391	\$ 378,152
	NET OPERATING INCOME (LOSS)			
	LESS CAPITAL EXPENDITURES	\$ 10,546,012	\$ 8,534,821	\$ 10,679,670

Historical Data Chart-STMC

D9, Other Expenses:	2011	2012	2013
Contract Labor	84,234	194,065	175,876
Employee Benefits	5,515,339	5,887,914	5,135,167
Professional Fees	1,239,229	1,356,275	1,252,610
Contract Services- Non IS	2,296,563	3,298,241	3,557,484
IS Fees	997,662	1,407,483	1,298,252
Repairs and Maintenance	1,399,778	1,738,420	1,634,218
Utilities	1,310,860	1,672,409	1,637,363
Insurance	1,210,102	1,362,306	1,398,798
Other Operating Expenses	<u>998,331</u>	<u>1,280,142</u>	<u>(233,430)</u>
	15,052,098	18,197,255	15,856,338

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PROJECTED DATA CHART—STMC MOBILE PET/CT SERVICE

Give information for the two (2) years following the completion of this proposal.

The fiscal year begins in January.

		Year One	Year Two
A.	Utilization Data		
	Procedures/Patients	100	175
B.	Revenue from Services to Patients		
1.	Inpatient Services	\$	\$
2.	Outpatient Services	379,625	664,344
3.	Emergency Services		
4.	Other Operating Revenue (Specify)		
	Gross Operating Revenue	\$ 379,625	\$ 664,344
C.	Deductions for Operating Revenue		
1.	Contractual Adjustments	\$ 240,791	\$ 417,694
2.	Provision for Charity Care	3,250	6,500
3.	Provisions for Bad Debt	7,593	13,287
	Total Deductions	\$ 251,634	\$ 437,480
	NET OPERATING REVENUE	\$ 127,991	\$ 226,863
D.	Operating Expenses		
1.	Salaries and Wages	\$ 6,732	\$ 12,076
2.	Physicians Salaries and Wages		
3.	Supplies	1,540	2,776
4.	Taxes	1,250	1,250
5.	Depreciation		
6.	Rent		
7.	Interest, other than Capital		
8.	Management Fees		
a.	Fees to Affiliates	11,130	20,282
b.	Fees to Non-Affiliates		
9.	Other Expenses (Specify)		
	Mobile Vendor Fees and	78,500	137,375
	Over-Read Fees Yr. 1 Only	1,250	0
	Total Operating Expenses	\$ 100,402	\$ 173,758
E.	Other Revenue (Expenses) -- Net (Specify)	\$	\$
	NET OPERATING INCOME (LOSS)	\$ 27,590	\$ 53,105
F.	Capital Expenditures		
1.	Retirement of Principal	\$	\$
2.	Interest		
	Total Capital Expenditures	\$ 0	\$ 0
	NET OPERATING INCOME (LOSS)		
	LESS CAPITAL EXPENDITURES	\$ 27,590	\$ 53,105

Projected Data Chart--STMC**D9, Other Expenses:**

	<u>Year One</u>	<u>Year Two</u>
Fees to Mobile Vendor @ \$785 Per Scan	\$78,500	\$137,375
Over-Read Fees @ \$50 each for 25 Yr. 1	\$1,250	0

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Ten: Average Charges, Deductions, Net Charges, Net Operating Income		
	Year One	Year Two
Procedures	100	175
Average Gross Charge Per Procedure	\$3,796	\$3,796
Average Deduction from Operating Revenue per Procedure	\$2,516	\$2,500
Average Net Charge (Net Operating Revenue) Per Procedure	\$1,280	\$1,296
Average Net Operating Income after Expenses, Per Procedure	\$276	\$303

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

The service will operate with a positive financial margin at almost any level of utilization, so it will not impose any losses that could increase hospital charges. It will have a modest operating margin that will contribute to the overall viability of the hospital.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

The projected average gross charge for this project is within the range of average gross charges for similar services that report to the HSDA Registry. Following is a sample of such projects in nearby service areas.

Table Eleven: Comparative Gross Charges Per Procedure STMC and Providers in Other Middle Tennessee Service Areas	
Provider	Average 2012 Gross Charge Per Procedure
Harton Regional Medical Center Tullahoma, Coffee County	\$6,100
Maury Regional Medical Center Columbia, Maury County	\$5,329
Tennessee PET Scan Center Murfreesboro, Rutherford County	\$3,584
United Regional Medical Center Manchester, Coffee County	\$2,659
<i>PROPOSED STMC PET/CT SERVICE Winchester, Franklin County</i>	<i>\$3,796 (CY2014)</i>

Source: HSDA Registry, 12/20/13 and 1/30/14.

The Registry also provides a Statewide compilation of gross charges per PET procedures. Its most recent data (12/6/13) indicates that STMC's proposed average gross charge of \$3,796 in CY2014 will be significantly less than the CY2012 median Statewide average gross charge of \$4,497.71, and only slightly higher than the CY2012 first quartile charge of \$3,667.96.

The following page contains a table showing the most frequent procedures to be performed, with their current Medicare reimbursement, and their projected Years One and Two utilization and average gross charges.

Table Twelve: STMC PET/CT Service--Most Frequent Procedures and Charges					
CPT or DRG	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Year 1	Year 2
78813	PET BODY DX LUNG CANCER	1,183.29		\$3,450	\$3,623
78811	PET REG/BODY RE HD/NCKCA	1,183.29		\$3,450	\$3,623
78608	PET SCAN BRAIN METABOLIC	1,183.29		\$3,450	\$3,623
78459	PET SCAN METABOLIC EVAL	1,183.29		\$3,450	\$3,623
78811	PET SCAN TUMOR LIMITED	1,183.29		\$3,450	\$3,623

Source: Hospital management.

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

The contract is structured to be risk-free to the hospital. No construction is required; there is no minimum required payment to the vendor and no minimum utilization requirement. The hospital's net operating revenue per procedure exceeds its expenses, so the service will operate with a small positive margin and will be cost-effective from its inception.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

The contract is structured to be risk-free to the hospital. No construction is required; there is no minimum required payment to the vendor and no minimum utilization requirement. The hospital's net operating revenue per procedure will exceed its payment to the vendor, so the service will operate with a small positive margin and will be viable immediately.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

Southern Tennessee Medical Center serves Medicare, TennCare, Medicaid, and medically underinsured and uninsured patients, including providing limited charity care. Table Eleven below shows the Medicare and TennCare/Medicaid payor mix for the proposed service, which mirrors the hospital's CY2013 payor mix.

Table Thirteen: Medicare and TennCare/Medicaid Revenues, Year One		
	Medicare	TennCare/Medicaid
Gross Revenue	\$204,618	\$58,402
Percent of Gross Revenue	53.9%	15.4%

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II).11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

A. A DISCUSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.

B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

Re-starting this mobile service was very cost-effective because it required no new construction. There is no better alternative for providing the service locally. Local utilization could not cover the costs of a fixed unit; and the contract for this mobile service offers a risk-free, pay-as-you-go opportunity for the hospital to make PET scans available again in this service area.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

STMC regularly discharges patients to its two SNF units at the Winchester and Sewanee campuses, and also to Heritage Manor and Mountain View Nursing Home. The hospital frequently refers patients to Winchester Homecare, Middle Tennessee Homecare, and Elk Valley Homecare.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

The principal positive effect will be increased accessibility (in terms of drive time) for many patients in the primary service area. It restores to the service area an important diagnostic test for which the applicant was approved in recent years. There are no existing providers of this service in the primary service area. Patients now drive such long distances to a dozen different Middle Tennessee PET scan providers that estimating impact on them is speculative at best. The Murfreesboro provider that serves 58% (134) of STMC's primary service area patients would likely be most affected. If 80% (107 patients) of these 134 patients chose STMC instead, this would be only a 6.8% negative impact on that provider's very high annual utilization of 1,568 procedures.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Not applicable. The service will not involve employment of any hospital staff.

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

No additional staff are required to operate this service. STMC is familiar with, and complies with, all State and local licensing requirements applicable to the handling or radiopharmaceuticals.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

**C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION
IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING,
SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).**

Please see Table Fourteen on the following page.

Table Fourteen: STMC Affiliations with Health Professions Training Programs--2013

Institution or Organization	Type of Relationship	Current Contract Start Date	Current Contract End Date
Franklin Co. High School	Clinical Affiliation-Health Occupational Stu	8/1/13	5/31/14
Chattanooga State Tech College	Affiliation Agreement-Pharmacy Tech	6/1/09	6/1/14
UAH - Huntsville	Clinical Affiliation	5/6/08	8/31/14
Motlow College (EMT)	Clinical Affiliation	9/22/10	9/21/14
UTC - OT	Affiliation Agreement	12/1/07	11/30/14
Belmont University	Clinical Affiliation	12/7/11	12/6/14
TN Technology Center	EHH - Medical Asst. & CAN	8/14/11	12/31/14
TN Valley Practical Nursing Program	Clinical Affiliation	1/1/12	12/31/14
Volunteer State Comm College	PT Clinical Exp	2/1/12	1/31/15
Motlow(students clinical experience)	Clinical Affiliation	6/11/10	6/11/15
Chattanooga State (PTA & Pharm Tech)	Clinical Affiliation	1/1/11	6/30/15
Meridian Institute	Clinical Affiliation	2/1/14	1/31/16
Tennessee State University	Clinical Affiliation	4/1/11	3/31/16
University of Tennessee-Memphis	Clinical Affiliation	4/1/12	3/30/17
Univ of the South, Grundy EMS	Clinical Affiliation - EMT	7/1/14	7/1/17
Middle TN State University	Clinical Affiliation	9/1/12	8/31/17
Chattanooga State Community College	Clinical Affiliation - Paramedic	7/1/13	6/30/18
TN Board of Regents	Clinical Affiliaiton - AMG/Palmer	7/12/13	7/31/18
TN Board of Regents	Clinical Affiliation - AMG/R. Milner	9/6/13	9/5/18
Vanderbilt School of Nursing	AMG-Southern TN Palmer Clinic	12/3/13	open
Alabama A & M	Speech Pathology	3/18/13	open
Fortis Institute	MLT/RT Program	10/17/11	open
Fortis Institute	MLT & Cardiovascular Tech	4/3/12	open
Fortis Institute - Nashville	MLT/ST/Cardiovascular Tech	7/30/12	open
Middle TN School of Anes.	CRNA Students	4/19/07	open
Wallace State Community College	Clinical Affiliation	7/21/13	open

Source: STMC management.

C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE: Board for Licensure of Healthcare Facilities
Tennessee Department of Health

CERTIFICATION: Medicare Certification from CMS
TennCare Certification from TDH

ACCREDITATION: Joint Commission; American College of Radiology

C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited by the Joint Commission on Accreditation of Healthcare Organizations. The applicant has American College of Radiology accreditation on its mammography, CT, MRI, Ultrasound, and Nuclear Medicine services.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

5-28-14

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed		
2. Construction documents approved by TDH		
3. Construction contract signed		
4. Building permit secured		
5. Site preparation completed		
6. Building construction commenced		
7. Construction 40% complete		
8. Construction 80% complete		
9. Construction 100% complete		
10. * Issuance of license		
11. *Initiation of service	63	8-1-14
12. Final architectural certification of payment		
13. Final Project Report Form (HF0055)		

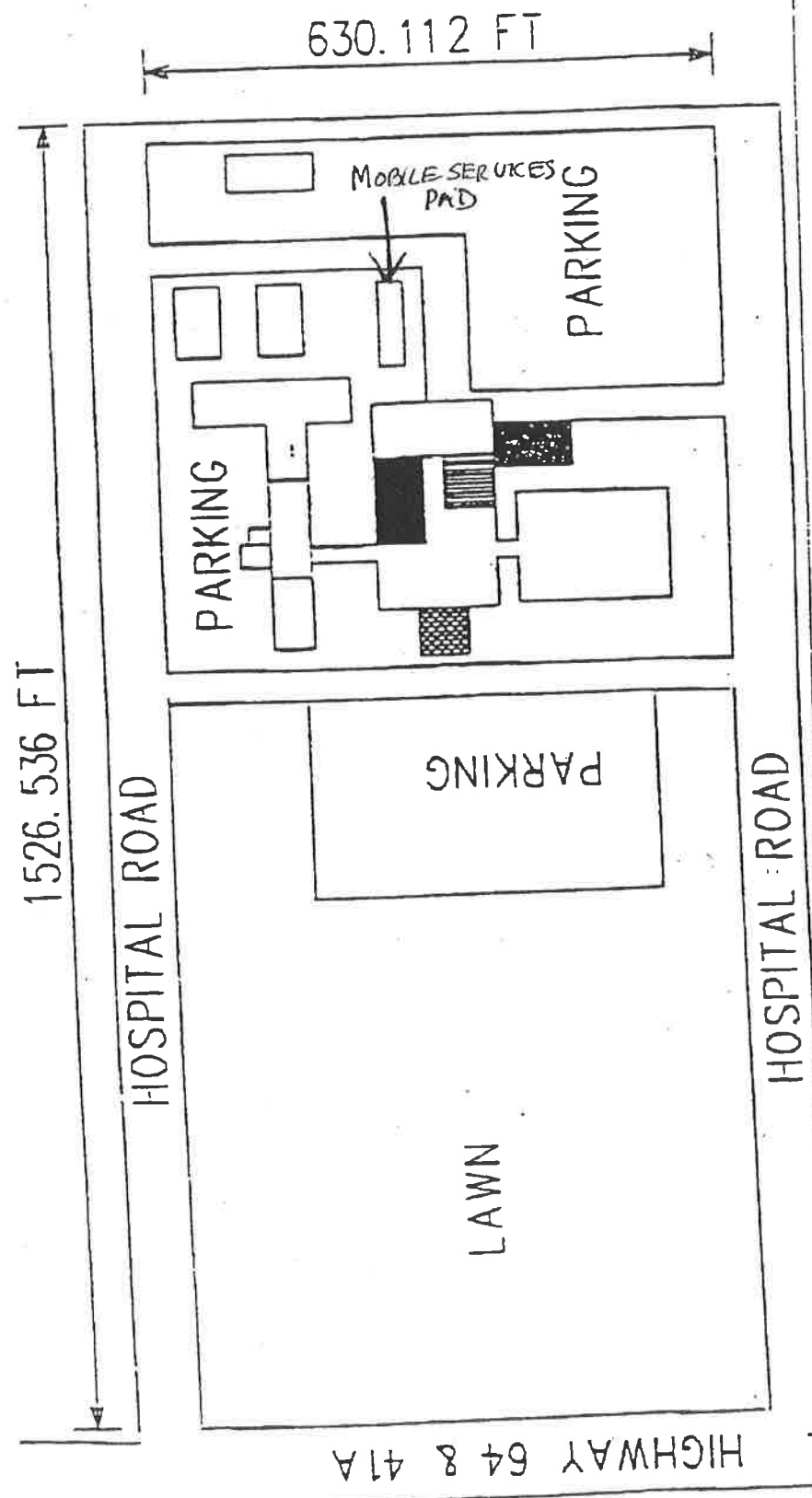
*** For projects that do NOT involve construction or renovation: please complete items 10-11 only.**





Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

INDEX OF ATTACHMENTS

A.4	Ownership--Legal Entity and Organization Chart (if applicable)
A.6	Site Control
B.II.E.1.	Fixed Major Medical Equipment--FDA Approval Documentation
B.II.E.2.	Mobile Major Medical Equipment--Vendor Letter on FMV, Route
B.II.E.3	Major Medical Equipment--Vendor Contract
B.III.	Plot Plan
B.IV.	Floor Plan
C, Need--1.A.3.	Letters of Intent & Qualifications
C, Need--3	Service Area Maps
C, Economic Feasibility--2	Documentation of Availability of Funding
C, Economic Feasibility--10	Financial Statements
C, Orderly Development--7(C)	Licensing & Accreditation Inspections
Miscellaneous Information	
Support Letters	

B.III.--Plot Plan



-  = NEW MED/SUR WING
-  = NEW SURGERY
-  = EXISTING SURGERY
-  = EXISTING RADIOLOGY

SOUTHERN TENNESSEE MEDICAL CENTER

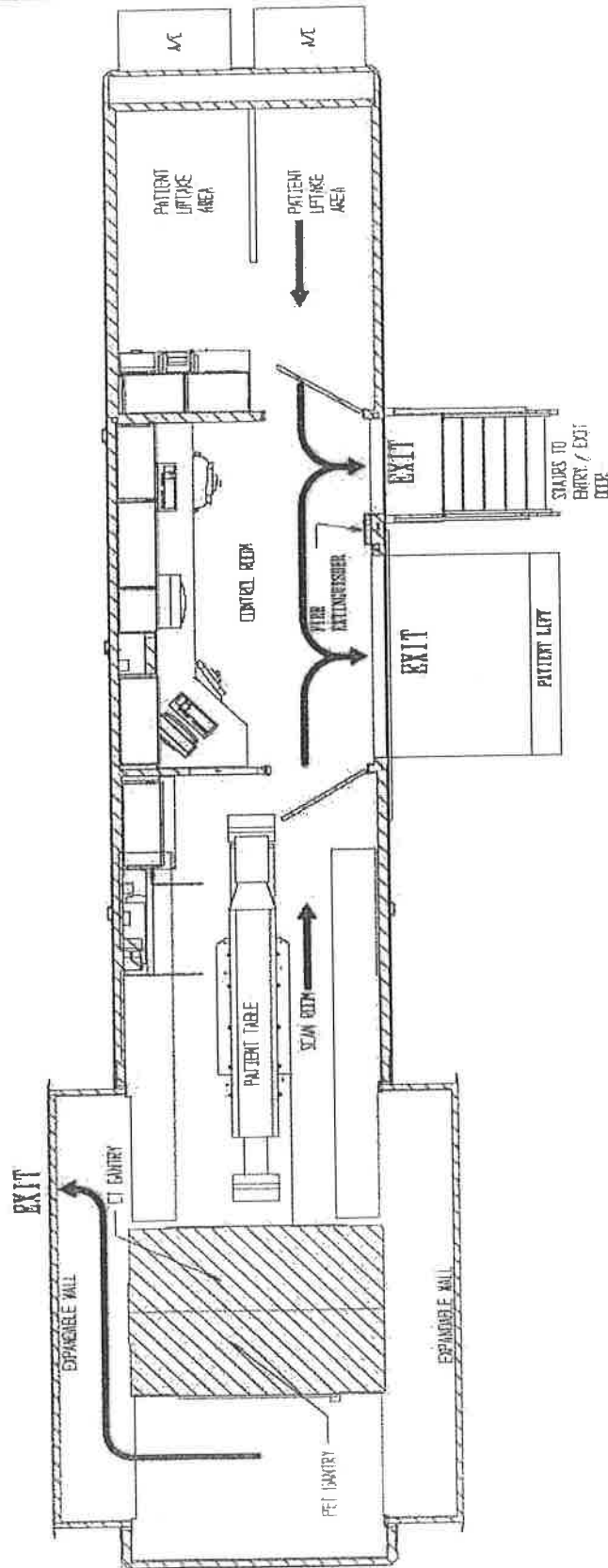
185 HOSPITAL ROAD
 WINCHESTER, TENNESSEE

SIZE = +/- 22 ACRES

B.IV.--Floor Plan

FEB 14 11 AM 10:04

EVACUATION PLAN



MEDICAL COACHES INC.
MOBILE PET/CT TRAILER

C, Need--1.A.3.e.
Letters of Intent & Qualifications

John W. Allred III, M.D.

WORK

185 Hospital Road
Winchester, TN 37398
931-967-8374 (Office)
931-967-8278 (Fax)
john.allred@arastn.com

HOME

356 Cedar Bluff Dr
Winchester, TN 37398
615-542-0776 (Cell)
allredjohn@hotmail.com

EMPLOYMENT:

General radiologist: 09/10-Present
Medical Director of Radiology
Southern Tennessee Medical Center (STMC); Winchester, TN

- High volume practice
- Interpret x-ray, CT, MR, ultrasound, nuclear medicine and mammography

Consultant Medical Staff (Neuroradiology): 11/06-Present
St. Jude Children's Research Hospital; Memphis, TN

- Provide occasional coverage for the neuroradiology department
- Interpret neuroimaging studies on pediatric oncology patients

ER/Nighthawk radiologist: 07/06-10/10
Vanderbilt University Medical Center (VUMC); Nashville, TN

- Provide nighttime radiology coverage for level 1 trauma center
- High volume practice, covering both an adult and children's hospital
- Interpret x-ray, CT, MR and ultrasound
- Responsible for supervision and education of radiology residents

EDUCATION:

Fellowship: Neuroradiology, 7/05-6/06
Vanderbilt University; Nashville, TN

Residency: Diagnostic Radiology, 7/01-6/05
University of Minnesota; Minneapolis, MN

Internship: Transitional Program, 7/00-6/01
Hennepin County Medical Center; Minneapolis, MN

Medical School: University of Alabama School of Medicine, 7/96-6/00
Birmingham, AL

Undergraduate: University of Alabama at Birmingham (UAB), 9/92-6/96
Birmingham, AL
Bachelor of Science; Major-Biology, Minor-Chemistry

HONORS/AWARDS:

Senior Residents' Special Recognition Award: Most Influential Attending (2010)
 VUMC Radiology faculty teacher of the year (2010)
 VUMC Radiology faculty teacher of the year (2009)
 VUMC Radiology faculty teacher of the year (2008)
 VUMC Radiology fellow teacher of the year (2006)
 UM Outstanding senior radiology resident (2005)
 UM Radiology chief resident (2003-2004)
 UM Outstanding resident on the interventional radiology rotation (2003)
 Graduated Cum Laude from UAB (1996)
 Golden Key National Honor Society (1995-1996)
 Phi Sigma Honor Society (1994-1996)
 UAB Honor Scholarship (1992-1996)
 Central Bank Honor Scholarship (1992-1993)
 National Merit Scholarship Semifinalist (1992)

CERTIFICATIONS:

Basic Life Support and Advanced Airway (2011)
 Certificate of additional qualification (CAQ): Neuroradiology (2007)
 Tennessee State Medical License (2005-present)
 Diagnostic Radiology Oral Board Examination (2005)
 Diagnostic Radiology Written Examination (2004)
 Diagnostic Radiology Physics Examination (2003)

PROFFESIONAL AFFILIATIONS:

Member, American Society of Neuroradiology (2006-Present)
 Member, American College of Radiology (2001-Present)
 Member, Radiology Society of North America (2001-Present)

PRESENTATIONS:

"Epithelioid Hemangioendothelioma of the Orbit: A Case Report". Excerpta
 Extraordinaire, ASNR 44th Annual Meeting. May 2006.

"Dural Venous Sinus Thrombosis Associated with Closed Head Injury". Excerpta
 Extraordinaire, ASNR 44th Annual Meeting. May 2006.

"MR Imaging of Hypocupremia-Associated Myelopathy". Excerpta
 Extraordinaire, ASNR 44th Annual Meeting. May 2006.

"Neonatal Head Ultrasound." Grand Rounds presentation at Fairview University
 Medical Center, Minneapolis, MN. May 2004.

"An Unusual Case of Right Lower Quadrant Pain." Grand Rounds presentation at
 Fairview University Medical Center, Minneapolis, MN. February 2003.

PUBLICATIONS/EXHIBITS:

Wear VV, **Allred JW**, Mi D, Strother MK. Evaluating "eee" phonation in multi-detector CT of the neck. *Am J Neuroradiol*. 2009 Jun; 30(6):1102-6.

Wear VV, Strother MK, **Allred JW**, Mi D. "To Breathe or Not to Breathe: Optimizing Air Flow and Air Contrast in MDCT of the neck". Educational exhibit presented at RSNA 2007.

Allred JW, Aulino JM. Hypocupremia-Associated Myelopathy. *J Comput Assist Tomogr*. 2007 Jan-Feb; 31(1): 157-9.

ACTIVITIES/VOLUNTEER WORK:

Intramural Basketball	1996-1997, 2002-2003
Intramural Football	1996-1997
YMCA youth basketball league volunteer coach	1996
UAB Medical Center Emergency Department volunteer	1995

INTERESTS:

Traveling
Hiking
Golf

Board Certified Docs

An Official ABMS® Display Agent



Allred III, John Winfield

Viewed: 10/09/2012 16:03:54 EDT

Born: 02/28/1974

ABMS Primary Source Data

AMERICAN BOARD OF RADIOLOGY

CERTIFICATION(S):

Diagnostic Radiology 06/08/2005 - 12/31/2015

SUBCERTIFICATION(S):

Neuroradiology 11/05/2007 - 12/31/2017

Meeting Maintenance of Certification (MO) Requirements

[Click for more info](#)

American Board of Radiology

Diagnostic Radiology Status not yet reported

Neuroradiology Status not yet reported

Additional Professional Data

NPI number: 1497842520

Education:

(2000, MD)

Hospital Affiliation Letters

Contact Information

Address Unavailable

Location: TN, United States

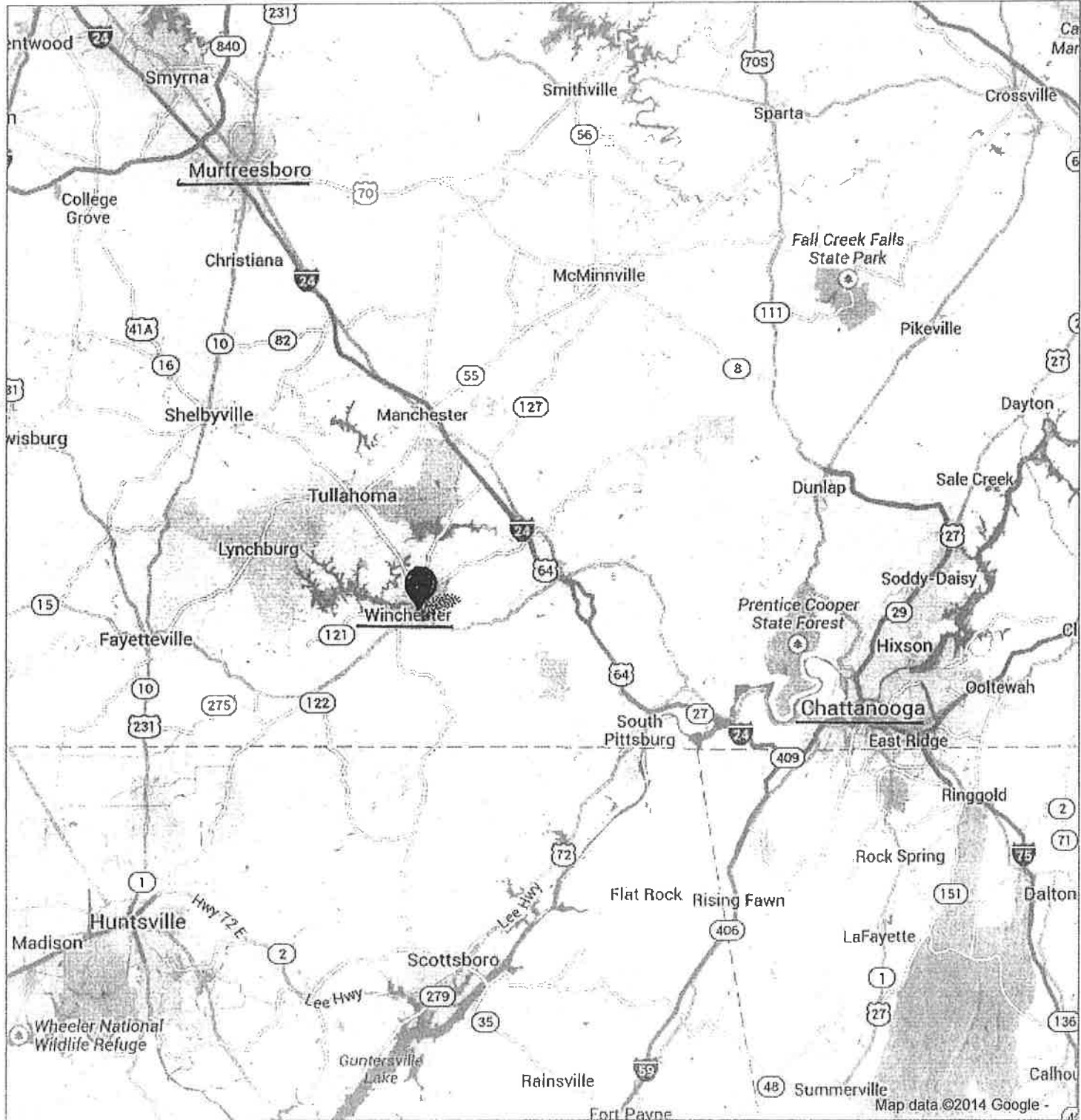
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**C, Need--3
Service Area Maps**

To see all the details that are visible on the screen, use the "Print" link next to the map.

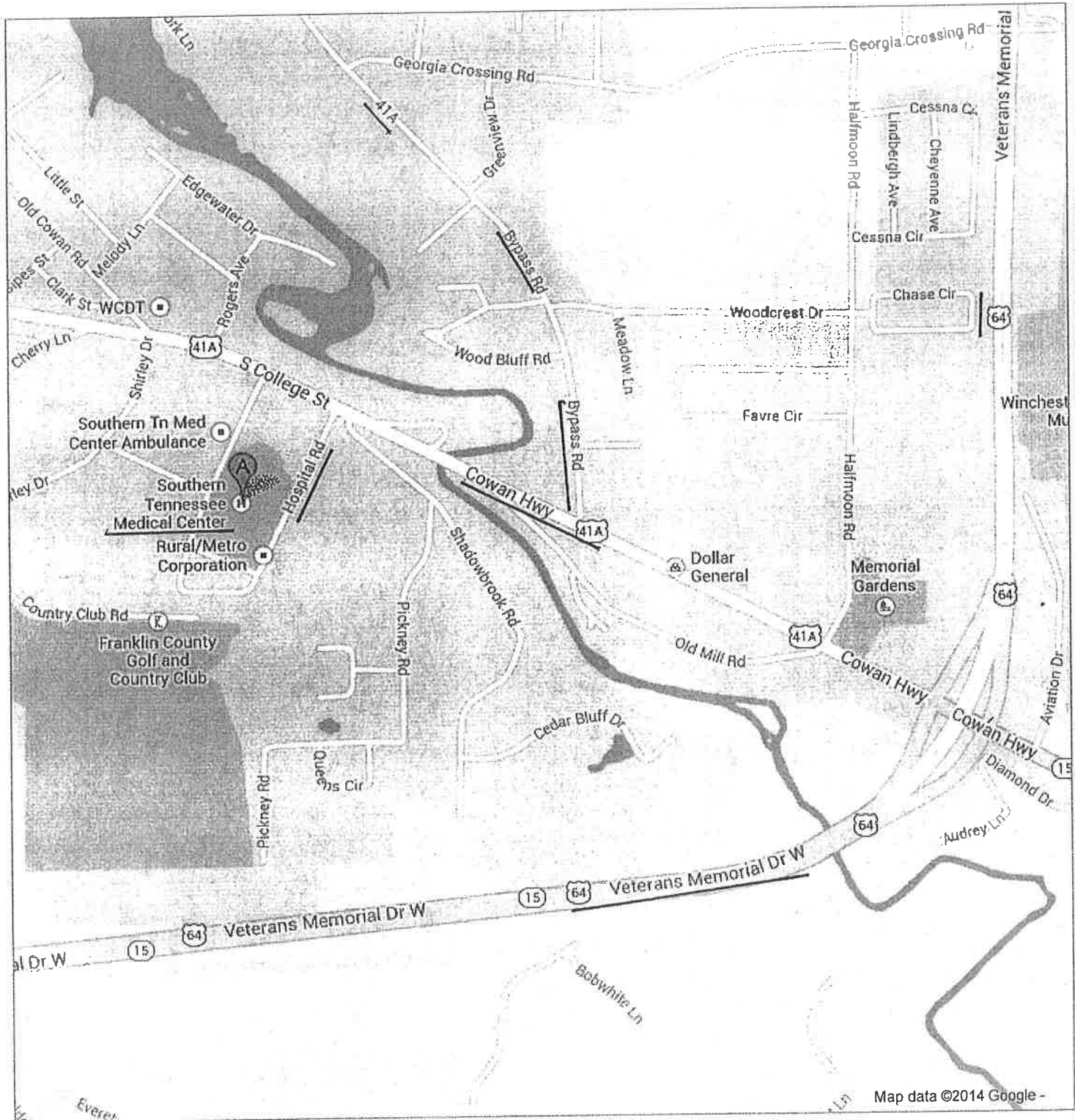
Google



Enter location or right-click on map

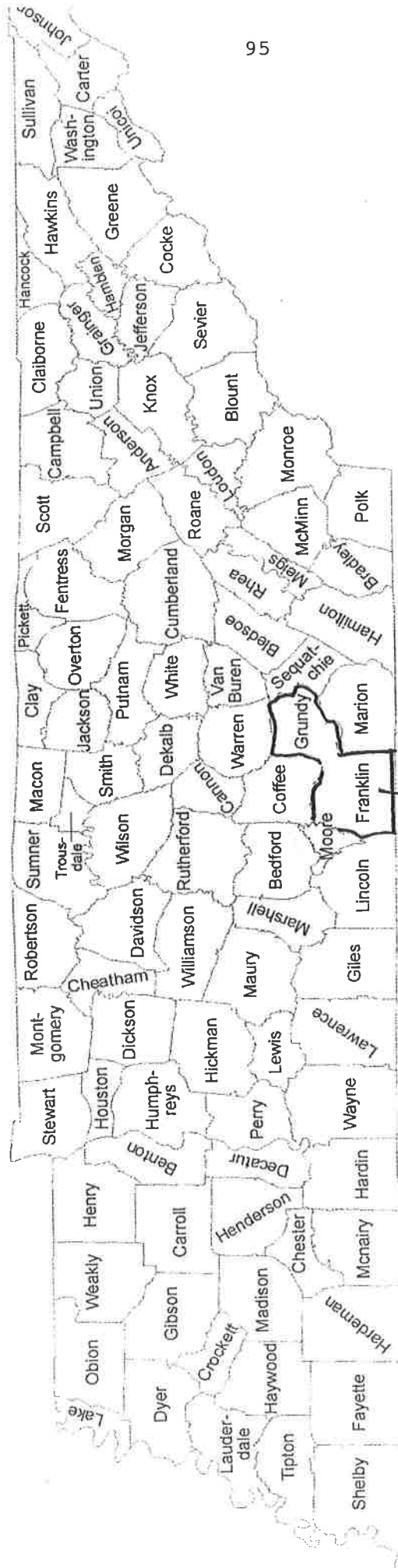
Google

To see all the details that are visible on the screen, use the "Print" link next to the map.



Map data ©2014 Google -

Enter location or right-click on map



PRIMARY SERVICE AREA

C, Economic Feasibility--2
Documentation of Availability of Funding

February 11, 2014

Melanie M. Hill, Executive Director
Tennessee Health Facilities Commission
Andrew Jackson State Office Building, Ninth Floor
500 Deaderick Street
Nashville, Tennessee 37243

Dear Mrs. Hill:

Southern Tennessee Medical Center is applying for a Certificate of Need to resume providing mobile PET/CT diagnostic testing. This will require an actual capital expenditure of no more than approximately \$33,000.

As Chief Financial Officer, I am writing to confirm that our hospital will fund the project in cash. The application includes our financial statements documenting that sufficient cash reserves, operating income, and lines of credit exist to accomplish that.

Sincerely,



John Copeland
Chief Financial Officer

C, Economic Feasibility--10
Financial Statements

EFF DATE: 12/31/13
U05332
C0 S0 B00 R00 D000 U05332 C0ID 05332
01/10/14

FINANCIAL STATEMENT REPORTS
SOUTHERN TENNESSEE MEDICAL CEN
FINANCIAL STATEMENT
AS OF 12/31/13

PAGE 1

BEGIN	CURRENT MONTH CHANGE	ENDING	BEGIN	ENDING	YEAR TO DATE CHANGE	BEGIN
231,857	167,336-	64,521	231,857	64,521	129,820-	194,341
21,162,594	864,553	22,027,147	21,162,594	22,027,147	873,324-	22,900,471
11,058,221-	650,847-	11,709,068-	11,058,221-	11,709,068-	1,983,568	13,692,636-
10,104,373	213,706	10,318,079	10,104,373	10,318,079	1,110,244	9,207,835
340,477-	408,665-	749,142-	340,477-	749,142-	452,045-	297,097-
31,031-	31,031-	31,031-	31,031-	31,031-	7,017-	24,014-
371,508-	408,665-	780,173-	371,508-	780,173-	459,062-	321,111-
9,732,865	194,959-	9,537,906	9,732,865	9,537,906	651,182	8,886,724
1,887,287	1,277	1,888,564	1,887,287	1,888,564	136,938-	2,025,502
418,926	492,114	911,040	418,926	911,040	94,218	816,822
20-	1,332-	1,352-	20-	1,352-	289,251-	287,899
12,270,915	129,764	12,400,679	12,270,915	12,400,679	189,391	12,211,288
685,721		685,721	685,721	685,721	50,000	635,721
31,380,775		31,380,775	31,380,775	31,380,775	120,048	31,260,727
34,745,789	351,770	35,097,559	34,745,789	35,097,559	580,377	34,517,182
852,628	215,406-	637,222	852,628	637,222	548,790	88,432
67,664,913	136,364	67,801,277	67,664,913	67,801,277	1,299,215	66,502,062
42,222,673-	227,830-	42,450,503-	42,222,673-	42,450,503-	2,635,460-	39,815,043-
25,442,240	91,466-	25,350,774	25,442,240	25,350,774	1,336,245-	26,687,019
248,535		248,535	248,535	248,535		248,535
402,288	21,092-	381,196	402,288	381,196	368,401-	749,597
19,041	1,600-	17,441	19,041	17,441		17,441
669,864	22,692-	647,172	669,864	647,172	368,401-	1,015,573
38,383,019	15,606	38,398,625	38,383,019	38,398,625	1,515,255-	39,913,880

EFF DATE: 12/31/13
U05332
CO 50 B00 R00 D000 U05332 C0ID 05332
01/10/14

FINANCIAL STATEMENT REPORTS
SOUTHERN TENNESSEE MEDICAL CEN
FINANCIAL STATEMENT
AS OF 12/31/13

PAGE 2

BEGIN	CURRENT MONTH CHANGE	ENDING	ENDING	YEAR TO DATE CHANGE	BEGIN
1,734,604	501,369	2,235,973	2,235,973	220,158-	2,456,131
1,838,605	136,343	1,974,948	1,974,948	58,300	1,916,648
554,325	41,171	595,496	595,496	72,260-	667,756
507,004	93,175	600,179	600,179	323,685	276,494
4,634,538	772,058	5,406,596	5,406,596	89,567	5,317,029
79,464,244-	3,358,805-	82,823,049-	82,823,049-	12,284,046-	70,539,003-
79,464,244-	3,358,805-	82,823,049-	82,823,049-	12,284,046-	70,539,003-
253,681	239,599-	14,082	14,082	522-	14,604
253,681	239,599-	14,082	14,082	522-	14,604
23,202,834		23,202,834	23,202,834	8,534,821-	8,534,821
81,918,417		81,918,417	81,918,417	23,202,834	23,202,834
7,837,793	2,841,952	10,679,745	10,679,745	8,534,822	73,383,595
				10,679,745	
112,959,044	2,841,952	115,800,996	115,800,996	10,679,746	105,121,250
38,383,019	15,606	38,398,625	38,398,625	1,515,255-	39,913,880

100

FEB 14 14 04:10:04

SUMMARY P & L STATEMENT

FINANCIAL STATEMENT REPORTS
SOUTHERN TENNESSEE MEDICAL CEN
MONTHLY OPERATING STATEMENTS
FOR PERIODS ENDING 12/31/13EFF DATE: 12/31/13
U05332
C0 S0 B00 R00 D000 U05332 C0ID 05332
01/10/14

LAST YEAR	CURRENT MONTH BUDGET	THIS YEAR	THIS YEAR	YEAR TO DATE BUDGET	LAST YEAR
1,600,824	1,869,763	1,666,056	20,378,815	22,196,605	19,957,676
10,236,646	11,802,110	9,011,975	123,019,306	140,339,687	124,535,955
11,837,470	13,671,873	10,678,031	143,398,121	162,536,292	144,493,631
11,583,503	13,029,886	14,391,502	165,463,508	161,089,641	144,586,538
23,420,973	26,701,759	25,069,533	308,861,629	323,625,933	289,080,169
31,460	32,718	31,606	420,988	392,616	384,804
23,452,433	26,734,477	25,101,139	309,282,617	324,018,549	289,464,973
7,756,079	10,036,830	8,276,004	103,668,756	121,017,405	102,954,062
234,870-	234,289-	7,202-	2,066,023-	2,802,909-	2,217,395-
217,359	246,638	1,803	3,353,108	3,166,372	2,779,561
124,895-			25,204-		350,709
7,340,497	8,128,332	8,317,539	104,192,438	98,997,178	88,158,910
25,003	31,368	25,277	298,857	378,075	251,445
1,521,474	1,530,427	1,437,713	17,715,834	18,460,484	16,196,350
746,693	801,688	890,278	11,193,174	10,923,281	9,949,062
17,247,340	20,640,994	18,941,412	238,330,940	250,139,886	218,422,704
6,205,093	6,093,483	6,159,727	70,951,677	73,878,663	71,042,269
1,914,817	2,023,847	1,949,383	23,688,572	23,911,140	23,506,459
60,397	10,588	45,463	175,876	141,074	194,065
347,311	476,364	397,641	5,135,165	5,594,143	5,887,909
861,678	959,319	777,762	11,014,165	11,307,872	10,848,026
89,926	106,089	103,408	1,252,610	1,295,068	1,356,273
416,888	432,010	495,261	4,855,740	5,227,554	4,705,725
132,263	138,495	120,783	1,634,219	1,734,567	1,738,419
2,957	1,255	7,554	24,347	21,521	17,282
174,671	137,960	138,422	1,637,368	1,651,164	1,672,408
15,202	151,291	85,371	1,398,798	1,813,160	1,362,306
287,192	284,294	288,633	3,461,531	3,411,528	3,445,493
108,922-	1,564,641-	1,591,104-	233,427-	193,991-	1,280,140
4,194,380	3,156,871	2,818,577	54,044,964	55,914,800	56,014,505
2,010,713	2,936,612	3,341,150	16,906,713	17,963,863	15,027,764
261,848	216,454	227,834	2,965,144	2,781,679	3,132,595
30,771	24,166	31,058	378,152	289,992	643,391
226,404	240,306	240,306	2,883,672	2,883,672	2,716,848
519,023	480,926	499,198	6,226,968	5,955,343	6,492,834
1,491,690	2,455,686	2,841,952	10,679,745	12,008,520	8,534,930
1,491,690	2,455,686	2,841,952	10,679,745	12,008,520	8,534,930

SUPPORT LETTERS

PHYSICIANS & SURGEONS, INC.

215 S. Cedar Lane
P. O. Box 577
Pulaski, Tennessee 38478
(931) 368-2511
Fax (931) 424-6109

Daoud Abudlab, MHSA, Administrator
Donna Roberts, Office Manager

Charles W. Burger, M.D.

Charles D. Haney, M.D.

James H. Beall, III, M.D.

February 4, 2014

Heather L. Harper, MCHS, COO
Southern Tennessee Medical Center
185 Hospital Road
Winchester, Tennessee 37398

RE: Proposed Mobile PET Service at STMC in Winchester

To Whom It May Concern:

This letter is to express support for the proposed resumption of weekly mobile PET/CT service at your hospital.

I estimate that this practice would refer an estimated 1 (+/-) patient to that service each month, assuming it is available for a half day each week.

This would not include our patients who express a preference for using PET/CT services elsewhere.

Sincerely,



James H. Beall, III, MD

JB/skl

TENNESSEE ONCOLOGY

www.tnoncology.com

February 1, 2014

Heather L. Harper, MCHS, COO
Southern Tennessee Medical Center
185 Hospital Road
Winchester, Tennessee 37398

RE: Proposed Mobile PET Service at STMC in Winchester

This letter is to express support for the proposed resumption of weekly mobile PET/CT service at your hospital.

I estimate that this practice would refer an estimated 2 patients to that service each month, assuming it is available for a half day each week.

This would not include our patients who express a preference for using PET/CT services elsewhere.

Sincerely,



Gregg Shepard, M.D.
Oncology

LAWRENCE¹⁰⁵ COUNTY
SURGICAL
SERVICES

Michael A. Boyd, MD, FACS
BOARD CERTIFIED
GENERAL SURGEON

February 1, 2014

Heather L. Harper, MCHS, COO
Southern Tennessee Medical Center
185 Hospital Road
Winchester, Tennessee 37398


RE: Proposed Mobile PET Service at STMC in Winchester

This letter is to express support for the proposed resumption of weekly mobile PET/CT service at your hospital.

I estimate that this practice would refer an estimated 2 patients to that service each month, assuming it is available for a half day each week.

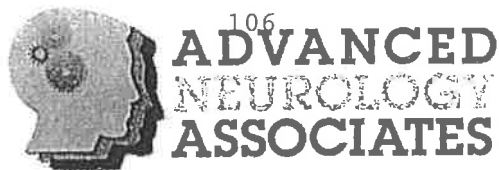
This would not include our patients who express a preference for using PET/CT services elsewhere.

Sincerely,


Michael A. Boyd, M.D. FACS
General Surgeon

192 Prosser Road
Lawrenceburg, TN 38464

phone 931-762-2332
fax 931-762-1613



Norman McNulty, MD, NEUROLOGIST

February 1, 2014

Heather L. Harper, MCHS, COO
Southern Tennessee Medical Center
185 Hospital Road
Winchester, Tennessee 37398


RE: Proposed Mobile PET Service at STMC in Winchester

This letter is to express support for the proposed resumption of weekly mobile PET/CT service at your hospital.

I estimate that this practice would refer an estimated 2 patients to that service each month, assuming it is available for a half day each week.

This would not include our patients who express a preference for using PET/CT services elsewhere.

Sincerely,


Norman McNulty, M.D.
Neurology

1383 South College St.
P.O. Box 830
Winchester, TN 37398

WINCHESTER EAR, NOSE AND THROAT
Frank G. Rao, MD, FACS
Board Certified

Phone (931) 962-3500
Fax (931) 962-3545

February 1, 2014


Heather L. Harper, MCHS, COO
Southern Tennessee Medical Center
185 Hospital Road
Winchester, Tennessee 37398

RE: Proposed Mobile PET Service at STMC in Winchester

This letter is to express support for the proposed resumption of weekly mobile PET/CT service at your hospital.

I estimate that this practice would refer an estimated two patients to that service each month, assuming it is available for a half day each week.

This would not include our patients who express a preference for using PET/CT services elsewhere.

Sincerely,

Frank G. Rao, MD, FACS

FEB 14 '14 AM 10:04

**Southern
Tennessee**
MEDICAL CENTER

**Emerald
Hodgson**
HOSPITAL

Helping the way

November 11, 2013

Heather Harper, COO
Southern Tennessee Medical Center
185 Hospital Road
Winchester, TN 37398

Dear Heather Harper,

Previously, I understood that STMC had a mobile PET/CT service that was utilized by the medical oncology group located at STMC. I am in support of bringing the PET/CT service back to STMC. As a practicing neurologist I anticipate that my volumes would be on average 10 studies per month. PET scans are a standard of care that neurologist use on a routine basis to diagnose Alzheimer's, Strokes and the presence of tumors.

I expect a wider range of ordering physicians than before, such as pulmonology, neurology along with the oncology groups in the area. If you have any additional questions I can be reached at (931) 967-0042. Thank you for your consideration.

Raymond Capps, M.D.

Raymond Capps MD

2055

February 1, 2014

Heather L. Harper, MCHS, COO
Southern Tennessee Medical Center
185 Hospital Road
Winchester, Tennessee 37398

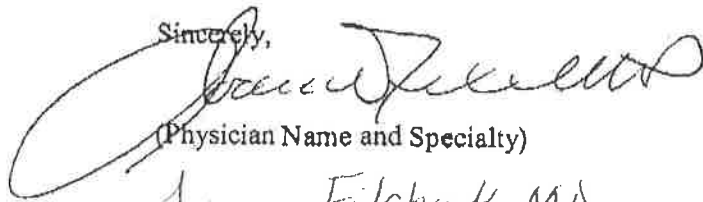
RE: Proposed Mobile PET Service at STMC in Winchester

This letter is to express support for the proposed resumption of weekly mobile PET/CT service at your hospital.

I estimate that this practice would refer an estimated 1-2 patients to that service each month, assuming it is available for a half day each week.

This would not include our patients who express a preference for using PET/CT services elsewhere.

Sincerely,



(Physician Name and Specialty)
Jeanne Filchuk, MD
Family Medicine

CUMBERLAND
HEALTHCARE GROUP, PLLC

110

SEWANEE FAMILY PRACTICE

1314 UNIVERSITY AVENUE
PO BOX 700
SEWANEE, TN 37375
(931) 598-5648/Fax (931) 598-9984

Matthew J. Petrilla, DO
Louis E. Koella, MD
David C. Martin, DO

February 1, 2014

Heather L. Harper, MCHS, COO
Southern Tennessee Medical Center
185 Hospital Road
Winchester, Tennessee 37398

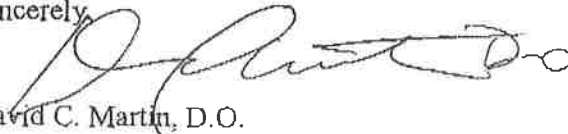
RE: Proposed Mobile PET Service at STMC in Winchester

This letter is to express my support for the proposed resumption of weekly mobile PET/CT service at your hospital.

I estimate that my practice would refer an estimated two patients to that service each month, assuming it is available for a half day each week.

This would not include our patients who express a preference for using PET/CT services elsewhere.

Sincerely,



David C. Martin, D.O.
DCM/mjt

CUMBERLAND
HEALTHCARE GROUP, PLLC

111

SEWANEE FAMILY PRACTICE

1314 UNIVERSITY AVENUE
PO BOX 700
SEWANEE, TN 37375
(931) 598-5648/Fax (931) 598-9984

Matthew J. Petrilla, DO
Louis E. Koella, MD
David C. Martin, DO

February 4, 2014

Heather L. Harper, MCHS, COO
Southern Tennessee Medical Center
185 Hospital Road
Winchester, Tennessee 37398

RE: Proposed Mobile PET Service at STMC in Winchester

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This would not include our patients who express a preference for using PET/CT services elsewhere.

Sincerely,



Matthew J. Petrilla, D.O.
MJP/mjt

CUMBERLAND

112

HEALTHCARE GROUP, PLLC

SEWANEE FAMILY PRACTICE

1314 UNIVERSITY AVENUE
PO BOX 700
SEWANEE, TN 37375
(931) 598-5648/Fax (931) 598-9984

Matthew J. Petrilla, DO
Louis E. Koella, MD
David C. Martin, DO

February 4, 2014

Heather L. Harper, MCHS, COO
Southern Tennessee Medical Center
185 Hospital Road
Winchester, Tennessee 37398

RE: Proposed Mobile PET Service at STMC in Winchester

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This would not include our patients who express a preference for using PET/CT services elsewhere.

Sincerely,



Louis E. Koella, M.D.
LEK/mjt

C, Orderly Development--7(C)
Licensing & Accreditation Inspections



Southern
Tennessee
MEDICAL CENTER

Emerald
Hodgson
HOSPITAL

Skilled Hands. Caring Hearts.

September 13, 2012

Karen Kirby, R.N.
Regional Administrator
TN Department of Health
Office of Health Licensure and Regulation
East Tennessee Region
5904 Lyons View Pike, Bldg. 1
Knoxville, TN 37919

RE: Southern Tennessee Medical Center SNF Survey – August 27-29, 2012
CMS Certification Number (CCN): 44-5222

Dear Ms. Kirby:

Enclosed please find the completed statement of deficiencies and plan of correction for Southern Tennessee Medical Center SNF. Should you have any questions, or need any additional information, please call (931)967-8260.

Sincerely,

Jane Edwards, Administrator
Southern TN Medical Center SNF

JE ktj



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919

FEB 14 14 41:00

October 24, 2012

Ms. Jane Edwards, Administrator
Southern TN Medical Center SNF
629 Hospital Road
Winchester TN 37398

Re: 44-5222

Dear Ms. Edwards:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey on August 27 - 29, 2012. An on-site revisit and review of your plan of correction for the deficiencies cited as a result of the survey was conducted on October 9, 2012. Based on the on-site revisit, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of September 13, 2012.

If you have any questions concerning this letter, please contact our office at (865) 588-5656.

Sincerely,

Karen B. Kirby, R.N.
Regional Administrator
ETRO Health Care Facilities

KK:afI

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

REVISED: 03/03/2012
FORM APPROVED
OMB NO. 0938-0391

STATE OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445222	116	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 08/29/2012
NAME OF PROVIDER OR SUPPLIER SOUTHERN TENN MEDICAL CENTER SNF				STREET ADDRESS, CITY, STATE, ZIP CODE 629 HOSPITAL ROAD WINCHESTER, TN 37398	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	
F 176	<p>483.10(n) RESIDENT SELF-ADMINISTER SS=D DRUGS IF DEEMED SAFE</p> <p>An individual resident may self-administer drugs if the interdisciplinary team, as defined by §483.20(d)(2)(ii), has determined that this practice is safe.</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review, observation, and interview the facility failed to assess residents for self administration of medication for one (#1) of nine residents reviewed.</p> <p>The findings included:</p> <p>Resident #1 was admitted to the facility on August 25, 2012, with diagnoses including Fractured Tibia, Hypertension, and Hypercholesterol.</p> <p>Medical record review revealed a Minimum Data Set had not been completed due to the admission date of August 25, 2012.</p> <p>Observation and Interview with resident #1 on August 27, 2012, at 10:00 a.m., revealed the resident lying in bed watching the television. Continued observation revealed a bottle of Zegerid OTC (Over the Counter)-20 mg capsules (medication for heartburn) sitting on the resident's over bed table. Continued observation revealed the label on the bottle stated the bottle contained fourteen capsules and thirteen capsules were in the bottle upon observation. Interview with the resident, at that time, revealed, "I take one capsule every morning for my heartburn. I take it before breakfast."</p>		F 176	<p>1. Corrective actions accomplished for the resident found to have been affected by the deficient practice: With the resident's permission, the resident's medication was placed in the resident's medication drawer on the medication cart for administration by the nurse on 8/27/12.</p> <p>2. Identification of other residents having the potential to be affected by the same deficient practice: Because all residents have the potential to be affected by this practice, the DON assessed all residents for presence of medications at the bedside and no medications were found by 8/28/12.</p> <p>3. Systemic and Process Changes Implemented to Prevent Recurrence: a. All RNs, LPNs, CNAs, Social Worker and Activity Coordinators were re-educated on the policy "Home Medications/Self Administration of Medications 1-600-3.29" (Attachment A) as well as use of the "Self-Administration of Medication Assessment Form" (Attachment B) during inservice and one-to-one education by the DONs by 9/12/12 (Attachment C). This policy guides the assessment of the resident for the capability of medication self-administration. The RN who was on vacation during the education will be re-educated when she returns to work. Review of policy will be added to orientation for new RNs, LPNs and CNAs. b. Social Worker will include notification to residents/families prior to admission to the facility on the Home Medication/Self Administration policy during the pre-admission interview and Home Medications/Self Administration policy will be discussed with resident/family during Care Plan meetings.</p>	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X5) DATE

Joe Edwards

Administrator

9/13/12

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445222	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 08/29/2012
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NAME OF PROVIDER OR SUPPLIER

SOUTHERN TENN MEDICAL CENTER SNF

STREET ADDRESS, CITY, STATE, ZIP CODE
629 HOSPITAL ROAD
WINCHESTER, TN 37398

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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F 176 Continued From page 1

F 176

Medical record review of a Physician's Order dated August 27, 2012, revealed, "May have Zegerid at bedside."

Interview with Registered Nurse (RN) #1 on August 27, 2012, at 10:15 a.m., at the nursing station, revealed, "The resident asked if he/she could have the Zegerid at bedside. The resident appeared alert and oriented so I called the physician and got an order to leave it at bedside." Continued interview revealed the Physician had not been to the facility to evaluate the resident since the day of admission on August 25, 2012.

Review of a Physician's Order dated August 28, 2012, revealed, "2 gm (gram) Sodium Diet."

Review of the label on the bottle of Zegerid OTC revealed, "DRUG FACTS...Sodium Bicarbonate 1100mg (milligrams)..."

Review of the Epocrates Medical Reference, 2012, revealed, "...Do not crush or chew...Give one hour before meals...Caution if sodium restrictions..."

Interview with RN #1 on August 28, 2012, at 10:30 a.m., in the Administrator's Office revealed, "The Physician ordered the 2gm Sodium Diet because I reminded him that the Zegerid OTC contained 1100 mg of sodium in every capsule." Continued interview, at that time, revealed, "The Zegerid OTC would be given by the nurse every day."

Interview with RN #1 on August 28, 2012, at 11:15 a.m., at the nursing station, confirmed the

c. Resident/family education of the "Home Medications Self Administration of Medications" policy has been added to the admission check-off list (Attachment D).

4. Audits for both buildings:

The DONs/Charge RNs will round on each admission to ensure no bedside medications are present or that any resident deemed appropriate for medication self-administration has been assessed for competency to self administer medications by the primary nurse, that the assessment has been documented, and that a physician order for patient self-administration of specific medications has been obtained. Results reporting of this audit have been added to the agenda (Attachment E) by 9/12/12 and will be presented at the monthly Quality Committee meeting beginning at the October meeting. Members of this committee include the Medical Director, Nursing Home Administrator, DONs, Social Worker, Dietician, Activities Director and the MDS Coordinator.

9/12/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445222	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 08/29/2012
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NAME OF PROVIDER OR SUPPLIER

SOUTHERN TENN MEDICAL CENTER SNF

STREET ADDRESS, CITY, STATE, ZIP CODE
829 HOSPITAL ROAD
WINCHESTER, TN 37398

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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F 176 Continued From page 2

resident had not been assessed for self administration of medication.

F 273 483.20(b)(2)(i) COMPREHENSIVE ASSESSMENT 14 DAYS AFTER ADMIT

A facility must conduct a comprehensive assessment of a resident within 14 calendar days after admission, excluding readmissions in which there is no significant change in the resident's physical or mental condition. (For purposes of this section, "readmission" means a return to the facility following a temporary absence for hospitalization or for therapeutic leave.)

This REQUIREMENT is not met as evidenced by:

Based on medical record review and interview the facility failed to complete a fourteen day Minimum Data Set (MDS) for one resident (#2) of nine residents reviewed.

The findings included:

Resident #2 was admitted on August 1, 2012, with diagnoses including Anemia, Urinary Tract Infection, Diabetes Mellitus, Prostate Cancer, and Pancreas Cancer.

Medical record review revealed no fourteen day MDS assessment available in the chart for review

Interview with the Director of Nursing, on August 28, 2012, at 8:15 a.m., in the nurse's station, confirmed no MDS assessment had been completed for resident #2 prior to August 27, 2012

F 176

F 273

1. Corrective actions accomplished for the resident found to have been affected by the deficient practice: The MDS assessment for resident #2 was completed by 8/28/12.

8/28/12

2. Identification of other residents having the potential to be affected by the same deficient practice: Because all residents have the potential to be affected by failure to complete the MDS assessment, all resident records were reviewed for presence of completed assessment, if applicable, by 8/28/12. No other deficiencies were found.

8/28/12

3. Systemic and Process Changes Implemented to Prevent Recurrence:

a. The MDS Coordinator was counseled on time management, maintaining a daily schedule and notifying the DON of potential delays in completing MDS by 9/11/12 by the Nursing Home Administrator.
b. A monthly calendar was developed which includes scheduled MDS assessment due dates by 9/12/12.
c. Education of a second nurse to perform the MDS assessments and submissions was completed by 9/13/12. This nurse will serve as a back up when the primary MDS Coordinator is on leave or vacation.

9/13/12

4. Audits for both buildings
Record of transmittal will be printed by the MDS Coordinator after submitting the MDS. The Nursing Home Administrator/DON will review each record of transmittal beginning 9/13/12. The Nursing Home

9/13/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445222	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 08/29/2012
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NAME OF PROVIDER OR SUPPLIER

SOUTHERN TENN MEDICAL CENTER SNF

STREET ADDRESS, CITY, STATE, ZIP CODE
629 HOSPITAL ROAD
WINCHESTER, TN 37398

(X4) ID
PREFIX
TAG

SUMMARY STATEMENT OF DEFICIENCIES
(EACH DEFICIENCY MUST BE PRECEDED BY FULL
REGULATORY OR LSC IDENTIFYING INFORMATION)

ID
PREFIX
TAG

PROVIDER'S PLAN OF CORRECTION
(EACH CORRECTIVE ACTION SHOULD BE
CROSS-REFERENCED TO THE APPROPRIATE
DEFICIENCY)

(X5)
COMPLETION
DATE

F 273 Continued From page 3

Interview with the MDS Coordinator, on August 28, 2012, at 1:00 p.m., in the MDS office, confirmed no fourteen day MDS had been completed by August 23, 2012. Continued interview confirmed the fourteen day MDS had been completed on August 27, 2012.

F 371 483.35(i) FOOD PROCURE,
SS=F STORE/PREPARE/SERVE - SANITARY

The facility must -

- (1) Procure food from sources approved or considered satisfactory by Federal, State or local authorities; and
- (2) Store, prepare, distribute and serve food under sanitary conditions

This REQUIREMENT is not met as evidenced by:

Based on observation and interview, the facility failed to provide sanitary storage of food and equipment and failed to maintain appropriate serving temperatures for food items on the tray line in kitchen #1 and failed to ensure a pest free environment in the dry storage area in kitchen #2.

The findings included:

Observation of the dietary department in kitchen #1 on August 27, 2012, from 10:30 a.m. until 11:15 a.m., revealed:

1. One six pound nine ounce can of Mandarin Oranges was dented and available for use;
2. One opened, plastic container of icing in the

F 273

Administrator DON will also monitor the monthly calendar of MDS assessment due dates for adherence to the schedule beginning 9/13/12. The results of these audits will be reported to the Quality Committee monthly beginning at the October meeting. The Quality Committee representatives include the Medical Director, Nursing Home Administrator, DONs, Social Worker, Dietician, Activities Director and MDS Coordinator.

F 371

1. Corrective actions accomplished for the resident found to have been affected by the deficient practice:

1. The dented can of mandarin oranges was moved to designated shelf for return to vendor on 8/27/12.
2. The opened plastic container of icing was disposed of on 8/27/12.
3. The container of grapes was covered and dated and the employee was re-educated on proper storage requirement on 8/27/12.
4. The frozen taco meat was disposed of and dietary employees were instructed that if item would not be used within 72 hours it must be disposed of rather than frozen on 8/27/12.
5. The containers of sausage balls in the walk in freezer were disposed of and dietary employees were instructed that if an item would not be used within 72 hours it must be disposed of rather than frozen on 8/27/12.
6. The container of thickener was disposed of on 8/27/12.
7. The bag of flour was labeled and stored correctly on 8/27/12.
8. The opened bag of almonds was disposed of on 8/27/12.
9. The table-mounted can opener and table were cleaned on 8/27/12.

8/28/12

HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445222	120 (X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 08/29/2012
NAME OF PROVIDER OR SUPPLIER SOUTHERN TENN MEDICAL CENTER SNF			STREET ADDRESS, CITY, STATE, ZIP CODE 629 HOSPITAL ROAD WINCHESTER, TN 37398		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 371	Continued From page 4 walk-in refrigerator, had an expiration date of August 22, 2012 and available for use; 3. Grapes uncovered, in a metal pan with water, stored in the walk-in refrigerator and available for use; 4. Frozen taco meat covered with broken plastic wrap and aluminum foil had an expiration date of June 25, 2012, and available for use; 5. Three containers of sausage balls in the walk in freezer had expiration dates of June 6, July 15, and July 5, 2012, and available for use; 6. Five pound container of thickener stored open on the shelf in the dry storage area and available for use; 7. A five pound bag of flour, unlabeled, stored open on the shelf, and available for use; 8. A two pound bag of almonds, unlabeled, stored open on the shelf and available for use; 9. Table mounted can opener had chunks of tomato stuck to it and available for use; 10. A large plastic container of sugar, unlabeled, and available for use; 11. A container of cocoa had a spoon inside and available for use; 12. A container of cinnamon had a spoon inside and available for use; 13. A piping bag full of icing, unlabeled, wrapped in clear plastic wrap and available for use; 14. A container of chicken fry had a scoop inside and available for use; 15. There was in excess of five flies in the kitchen; 16. Standing water in the dishwasher area of the kitchen and no Wet Floor sign present; 17. A walk-in refrigerator door was cracked open three inches for a minimum of 5 minutes; 18. Dishwasher final rinse was at sixty-five degrees instead of the required one hundred		F 371	10. The sugar container was labeled appropriately on 8/27/12. 11. The container of cocoa was disposed of on 8/27/12. 12. The container of cinnamon was disposed of on 8/27/12. 13. The bag of icing was disposed of on 8/27/12. 14. The scoop was removed from the container of chicken fry coating and the responsible employee was counseled on 8/27/12. 15. Staff were instructed to keep the hallway doors closed to reduce chance of flies entering the dietary department on 8/28/12. 16. A "Wet Floor" sign was placed in the dishwasher area where the floor was wet on 8/27/12. 17. The door on the walk-in refrigerator was closed on 8/27/12. 18. Facility Plant Operations had performed maintenance on the dishwasher and then repairman (Hobart) was contacted on 8/27/12. Repairman arrived and completed repairs on 8/28/12. The Director of Dietary has requested quotes for a new dishwasher. 19. Repairman (Ecolab) arrived on 8/28/12 for the sanitizer sink. The sanitizer would not calibrate with 80° water entering tank. 20. The stand-up meat slicer was thoroughly cleaned on 8/27/12. 21. The food strainer was removed from service on 8/27/12. 22. The entire tray line was broken down and cleaned on 8/27/12. 23. The sheet pan was cleaned on 8/27/12. 24. The spatula was cleaned on 8/27/12. 25. All items were removed from the shelf and all items, including the container with tongs, were cleaned.	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES 121

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445222	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 08/29/2012
NAME OF PROVIDER OR SUPPLIER SOUTHERN TENN MEDICAL CENTER SNF		STREET ADDRESS, CITY, STATE ZIP CODE 629 HOSPITAL ROAD WINCHESTER, TN 37398	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)
			(X5) COMPLETION DATE

F 371 Continued From page 5

F 371

- eighty degrees;
19. The sanitizer sink measured over 500 parts
per million and was being used;
20. The stand- up meat slicer had particles of
sliced meat and a build- up of food debris on the
base, and available for use;
21. A cone shaped food strainer had a build-up of
yellow food debris in the bottom of the strainer,
and available for use;
22. The tray line had a build-up of food particles
and debris under the entire line, and available for
use;
23. A sheet pan had food particles and debris and
available for use;
24. A spatula had a crusty build-up of food on the
end of the blade and available for use;
25. Six tongs were stored in a container with food
particles and debris in the bottom, and available
for use.

Interview with the dietary manager on August 27,
2012, at 11:15 a.m., in the dietary department,
confirmed dented cans were to be removed from
stock; all expired food items were to be disposed
of on their expiration date; all open food in the
walk in refrigerator was to be covered; all items
stored after opening were to be closed and
labeled with an expiration date; the table mounted
can opener should have been cleaned after being
used; all plastic containers used for storage were
to be labeled with contents; no spoons or scoops
were to be stored in containers with products;
there were to be no flies in the kitchen ; a wet
floor sign needed to be in the dishwasher room;
the walk in refrigerator door should have been
closed after being used; the dishwasher
temperatures were not in acceptable ranges; the
sanitizer sink was not in acceptable range; the

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FORM CMS 2567(02-99) Previous Versions Obsolete

If continuation sheet Page 8 of 8

Division of Health Care Facilities

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN2601	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 08/29/2012
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NAME OF PROVIDER OR SUPPLIER SOUTHERN TENN MEDICAL CENTER SNF	STREET ADDRESS, CITY, STATE ZIP CODE 629 HOSPITAL ROAD WINCHESTER, TN 37398
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
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N 000 Initial Comments

During the annual licensure survey conducted on August 27 - 29, 2012, at Southern Tennessee Medical Center SNF, no deficiencies were cited in relation to the survey under 1200-8-6, Standards for Nursing Homes.

N 000

results will also be reported monthly to the Safety Committee beginning at the 9/18/12 meeting. The members of the Safety Committee include the Plant Operations Director of both facilities, CNO, COO, Patient Safety Officer/Quality Manager, Materials Management Director, OB Manager, ED Manager, Lab Manager, Patient/Staff Educator, Risk Manager, EVS Manager and Imaging Director.

Division of Health Care Facilities

for Edwards

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

Administrator

(X6) DATE

9/13/12

STATE FORM

22

9HQ411

If continuation sheet 1 of 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/30/2012
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OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445222	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____		(X3) DATE SURVEY COMPLETED 08/27/2012
NAME OF PROVIDER OR SUPPLIER SOUTHERN TENN MEDICAL CENTER SNF			STREET ADDRESS, CITY, STATE, ZIP CODE 629 HOSPITAL ROAD WINCHESTER, TN 37398		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 025 SS=E	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Smoke barriers are constructed to provide at least a one half hour fire resistance rating in accordance with 8.3. Smoke barriers may terminate at an atrium wall. Windows are protected by fire-rated glazing or by wired glass panels and steel frames. A minimum of two separate compartments are provided on each floor. Dampers are not required in duct penetrations of smoke barriers in fully ducted heating, ventilating, and air conditioning systems 19.3.7.3, 19.3.7.5, 19.1.6.3, 19.1.6.4</p> <p>This STANDARD is not met as evidenced by: Based on observation, it was determined the facility failed to protect the fire and smoke barriers.</p> <p>The finding included:</p> <p>On 8/27/12 at 12:50 PM observation within the ceiling space above the egress door next to the shower room of the Winchester Facility revealed a penetration in the fire wall</p> <p>This finding was acknowledged by the Administrator and verified by the Maintenance Director during the exit interview on 8/27/12.</p>	K 025	<p>Corrective actions: Plant Operations repaired the missing section of upper-rated wall approximately 3"x2" with fire barrier packing and fire caulk on 8/28/12. Identification of other residents potentially affected: Because penetrations in fire walls have the potential to affect the safety of all residents, the following actions were taken: Action for both buildings: Plant Operations performs a semi-annual Preventive Maintenance inspection to inspect fire walls and smoke walls for penetration. We are currently inspecting all fire and smoke walls throughout the facilities for penetrations. Audits for both buildings: Findings and repairs will be reported at the monthly Safety Committee meeting beginning on 9/18/12. The members of the Safety Committee include the Plant Operations Director of both facilities, CNO, COO, Patient Safety Officer/Quality Manager, Materials Management Director, OB Manager, ED Manager, Lab Manager, Patient/Staff Educator, Risk Manager, EVS Manager and Imaging Director.</p>		8/28/12
K 147 SS=D	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Electrical wiring and equipment is in accordance with NFPA 70, National Electrical Code, 9.1.2</p>	K 147			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

Jae Edwards

TITLE

Administrator

(X6) DATE

9/13/12

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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PRINTED 08/30/2012
FORM APPROVED
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445222	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____		(X3) DATE SURVEY COMPLETED 08/27/2012
NAME OF PROVIDER OR SUPPLIER SOUTHERN TENN MEDICAL CENTER SNF			STREET ADDRESS CITY, STATE, ZIP CODE 629 HOSPITAL ROAD WINCHESTER, TN 37398		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 147	<p>Continued From page 1</p> <p>This STANDARD is not met as evidenced by: Based on observation, it was determined the facility failed to maintain the electrical equipment.</p> <p>The finding included:</p> <p>On 8/27/12 at 1:15 PM, observation within the ceiling space above the activity room fire door of the Winchester Facility revealed an unsecured junction box.</p> <p>This finding was acknowledged by the Administrator and verified by the Maintenance Director during the exit interview on 8/27/12.</p>		K 147	<p>Corrective actions: Plant Operations secured the junction box within the ceiling space above the activity room fire door at the Winchester facility on 8/28/12. Identification of other residents potentially affected: Because unsecured junction boxes have the potential to affect the safety of all residents, the following actions were taken: Action for both buildings: Plant Operations performs a semi-annual Preventive Maintenance to inspect junction boxes and wiring within the ceiling spaces. Plant Operations is currently inspecting all ceiling spaces throughout the facilities for unsecured junction boxes or other issues. Audits for both buildings: Findings and repairs will be reported at the monthly Safety Committee meeting beginning on 9/18/12. The members of the Safety Committee include the Plant Operations Director of both facilities, CNO, COO, Patient Safety Officer/Quality Manager, Materials Management Director, OB Manager, ED Manager, Lab Manager, Patient/Staff Educator, Risk Manager, EVS Manager and Imaging Director.</p>	8/28/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445222	127 (X2) MULTIPLE CONSTRUCTION A. BUILDING 03 - EMERALD/HODGSON B. WING _____	(X3) DATE SURVEY COMPLETED 08/27/2012
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NAME OF PROVIDER OR SUPPLIER SOUTHERN TENN MEDICAL CENTER SNF	STREET ADDRESS, CITY, STATE, ZIP CODE 629 HOSPITAL ROAD WINCHESTER, TN 37398
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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K 067 NFPA 101 LIFE SAFETY CODE STANDARD
SS=E

Heating, ventilating, and air conditioning comply with the provisions of section 9.2 and are installed in accordance with the manufacturer's specifications. 19.5.2.1, 9.2, NFPA 90A, 19.5.2.2

This STANDARD is not met as evidenced by:
Based on testing and observation, it was determined the facility failed to maintain the heating and air-conditioning system.

This finding included:

On 8/27/12 at 2:50 PM observation within resident rooms 17 and 19 of the Sewanee Facility revealed the exhaust fan units in the bathrooms were not working.

This finding was acknowledged by the Administrator and verified by the Maintenance Director during the exit interview on 8/27/12.

K 067

Corrective actions: Plant Operations replaced the loose drive belt for the exhaust fan units for the bathrooms in resident rooms 17 and 19 at the Sewanee facility on 8/29/12. Plant Operations then replaced all other drive belts on exhaust fans in the unit. Identification of other residents potentially affected: Because non-functional exhaust fans have the potential to affect all residents, the following actions were taken: Actions for both buildings: Plant Operations performs a semi-annual Preventive Maintenance to inspect exhaust fans in the facilities. Audits for both buildings: Findings and repairs will be reported at the monthly Safety Committee meeting beginning on 9/18/12. The members of the Safety Committee include the Plant Operations Director of both facilities, CNO, COO, Patient Safety Officer/Quality Manager, Materials Management Director, OB Manager, ED Manager, Lab Manager, Patient/Staff Educator, Risk Manager, EVS Manager and Imaging Director.

8/29/12

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Joe Edwards

Administrator

9/13/12

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

Division of Health Care Facilities

1-28

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN2601	(X2) MULTIPLE CONSTRUCTION A. BUILDING 03 - EMERALD/HOOGSON B. WING _____	(X3) DATE SURVEY COMPLETED 08/27/2012
NAME OF PROVIDER OR SUPPLIER SOUTHERN TENN MEDICAL CENTER SNF		STREET ADDRESS, CITY, STATE, ZIP CODE 629 HOSPITAL ROAD WINCHESTER, TN 37398		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 831 1200-8-6-.08 (1) Building Standards	<p>(1) A nursing home shall construct, arrange, and maintain the condition of the physical plant and the overall nursing home environment in such a manner that the safety and well-being of the residents are assured</p> <p>This Rule is not met as evidenced by: Based on observation, it was determined the facility failed to maintain the heating and air-conditioning system.</p> <p>This finding included:</p> <p>On 8/27/12 at 2:10 PM observation within the dietary area of the Sewanee Facility revealed three air- return registers were dust laden</p> <p>This finding was acknowledged by the Administrator and verified by the Maintenance Director during the exit interview on 8/27/12.</p>	N 831	<p>Corrective actions: Plant Operations removed, cleaned and then painted the three dust-laden air-return registers at the Sewanee facility on 8/28/12. All other air-return registers were examined for dust/need for repair. Identification of other residents potentially affected: Because all residents have the potential to be affected by dust-laden air return registers, the following actions were taken: Actions for both buildings: Dietary Manager/designee will inspect all air-return registers on a monthly basis. Audits for both buildings: Findings and repairs will be reported at the monthly Safety Committee meeting beginning on 9/18/12. The members of the Safety Committee include the Plant Operations Director of both facilities, CNO, COO, Patient Safety Officer/Quality Manager, Materials Management Director, OB Manager, ED Manager, Lab Manager, Patient/Staff Educator, Risk Manager, EVS Manager and Imaging Director.</p>	8/28/12
N 901 1200-8-6-.09(1) Life Safety	<p>(1) Any nursing home which complies with the required applicable building and fire safety regulations at the time the board adopts new codes or regulations will, so long as such compliance is maintained (either with or without waivers of specific provisions), be considered to be in compliance with the requirements of the new codes or regulations.</p> <p>This Rule is not met as evidenced by Based on testing and observation, it was</p>	N 901	<p>Corrective actions: Plant Operations replaced the night light in resident room 19 at the Sewanee facility on 8/27/12. All other night lights were inspected by 8/28/12. Identification of other residents potentially affected: Because the safety of all residents could potentially be affected by a malfunctioning night light, the following actions were taken: Actions for both buildings: Housekeeping must check functional status of night light daily when cleaning resident rooms. Any failures must be reported to Plant Operations for repair. Audits for both buildings: Findings and repairs will be reported at the monthly Safety Committee meeting beginning on 9/18/12. The members</p>	8/28/12

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM

TITLE

Administrator

(X6) DATE

9/13/12

6819

9HQ421

Continuation sheet 1 of 2

Division of Health Care Facilities

129

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN2601	(X2) MULTIPLE CONSTRUCTION A. BUILDING 03 - EMERALD/HODGSON B. WING _____		(X3) DATE SURVEY COMPLETED 08/27/2012
NAME OF PROVIDER OR SUPPLIER SOUTHERN TENN MEDICAL CENTER SNF			STREET ADDRESS, CITY, STATE, ZIP CODE 629 HOSPITAL ROAD WINCHESTER, TN 37398		
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N 901	Continued From page 1 determined the facility failed to maintain the night light and the general lighting system. This finding included: On 8/27/12 at 2:12 PM testing of the night light within resident room 19 of the Sewanee Facility revealed the night light was not working. This finding was acknowledged by the Administrator and verified by the Maintenance Director during the exit interview on 8/27/12.	N 901	of the Safety Committee include the Plant Operations Director of both facilities, CNO, COO, Patient Safety Officer/Quality Manager, Materials Management Director, OB Manager, ED Manager, Lab Manager, Patient/Staff Educator, Risk Manager, EVS Manager and Imaging Director.		

Southern Tennessee Medical Center, LLC
185 Hospital Road
Winchester, TN 37398

Organization Identification Number: 3796

Evidence of Standards Compliance (45 Day) Submitted: 3/18/2013

Program(s)
Hospital Accreditation

Executive Summary

Hospital Accreditation : As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.
You will have follow-up in the area(s) indicated below:

- Measure of Success (MOS) – A follow-up Measure of Success will occur in four (4) months.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

**The Joint Commission
Summary of Compliance**

Program	Standard	Level of Compliance
HAP	LS.02.01.20	Compliant
HAP	MM.01.02.01	Compliant
HAP	PC.01.02.07	Compliant
HAP	PC.03.01.03	Compliant
HAP	PC.04.01.05	Compliant
HAP	RC.02.01.01	Compliant

**The Joint Commission
Summary of CMS Findings**

CoP: §482.41 **Tag:** A-0700 **Deficiency:** Compliant

Corresponds to: HAP

Text: §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.20/EP1, EP31	Compliant



Southern Tennessee Medical Center, LLC
185 Hospital Road
Winchester, TN 37398

Organization Identification Number: 3796

Program(s)
Hospital Accreditation

Survey Date(s)
01/29/2013-02/01/2013

Executive Summary

Hospital Accreditation : As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

- Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

The Joint Commission Summary of Findings

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day this report is posted to your organization's extranet site:

Program:	Hospital Accreditation Program	
Standards:	LS.02.01.20	EP1,EP31
	MM.01.02.01	EP2
	PC.01.02.07	EP3
	PC.03.01.03	EP1
	PC.04.01.05	EP8
	RC.02.01.01	EP4

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day this report is posted to your organization's extranet site:

Program:	Hospital Accreditation Program	
Standards:	EC.02.03.05	EP10
	EC.02.06.01	EP1
	EM.03.01.03	EP1
	NPSG.02.03.01	EP3
	PC.01.03.01	EP5
	RC.01.01.01	EP19
	RC.02.01.07	EP2

The Joint Commission Summary of CMS Findings

CoP: §482.24 **Tag:** A-0431 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.24 Condition of Participation: Medical Record Services

The hospital must have a medical record service that has administrative responsibility for medical records. A medical record must be maintained for every individual evaluated or treated in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.24(c)(1)	A-0450	HAP - RC.01.01.01/EP19	Standard
§482.24(c)(2)	A-0450	HAP - RC.01.01.01/EP19	Standard

CoP: §482.41 **Tag:** A-0700 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(a)	A-0701	HAP - EM.03.01.03/EP1	Standard
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.20/EP1, EP31	Standard
§482.41(c)(2)	A-0724	HAP - EC.02.06.01/EP1	Standard

The Joint Commission Findings

Chapter: Emergency Management
Program: Hospital Accreditation
Standard: EM.03.01.03 ESC 60 days
Standard Text: The hospital evaluates the effectiveness of its Emergency Operations Plan.
Primary Priority Focus Area: Quality Improvement Expertise/Activities
Element(s) of Performance:

1. As an emergency response exercise, the hospital activates its Emergency Operations Plan twice a year at each site included in the plan.

Note 1: If the hospital activates its Emergency Operations Plan in response to one or more actual emergencies, these emergencies can serve in place of emergency response exercises.

Note 2: Staff in freestanding buildings classified as a business occupancy (as defined by the Life Safety Code *) that do not offer emergency services nor are community designated as disaster-receiving stations need to conduct only one emergency management exercise annually.

Note 3: Tabletop sessions, though useful, are not acceptable substitutes for these exercises.

Note 4: In order to satisfy the twice-a-year requirement, the hospital must first evaluate the performance of the previous exercise and make any needed modifications to its Emergency Operations Plan before conducting the subsequent exercise in accordance with EPs 13-17.

Footnote *: The Life Safety Code® is a registered trademark of the National Fire Protection Association, Quincy, MA. Refer to NFPA 101-2000 for occupancy classifications.

Scoring

Category : A
Score : Insufficient Compliance

Observation(s):

EP 1
§482.41(a) - (A-0701) - §482.41(a) Standard: Buildings

The condition of the physical plant and the overall hospital environment must be developed and maintained in such a manner that the safety and well-being of patients are assured.

This Standard is NOT MET as evidenced by:

Observed in Emergency Management Session at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site for the Hospital deemed service.

The hospital activated its Emergency Operations Plan one time last year at each site included in the plan. Other exercises conducted did not include activation of the Emergency Operations Plan. The twice-a-year requirement was not met.

Chapter: Environment of Care
Program: Hospital Accreditation
Standard: EC.02.03.05 ESC 60 days

The Joint Commission Findings

Standard Text:

The hospital maintains fire safety equipment and fire safety building features. Note: This standard does not require hospitals to have the types of fire safety equipment and building features described below. However, if these types of equipment or features exist within the building, then the following maintenance, testing, and inspection requirements apply.

Primary Priority Focus Area: Communication

Element(s) of Performance:

10. For automatic sprinkler systems: Every quarter, the hospital inspects all fire department water supply connections. The completion dates of the inspections are documented.

Note: For additional guidance on performing tests, see NFPA 25, 1998 edition (Section 9-7.1).



Scoring

Category : A

Score : Insufficient Compliance

Observation(s):

EP 10

Observed in Document Review at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. The hospital had 2 fire department water supply connections. The vendor did not identify the locations of the connections. Without this information the individual connections could not be verified.

Chapter: Environment of Care

Program: Hospital Accreditation

Standard: EC.02.06.01

ESC 60 days

Standard Text:

The hospital establishes and maintains a safe, functional environment. Note: The environment is constructed, arranged, and maintained to foster patient safety, provide facilities for diagnosis and treatment, and provide for special services appropriate to the needs of the community.

Primary Priority Focus Area: Physical Environment

Element(s) of Performance:

1. Interior spaces meet the needs of the patient population and are safe and suitable to the care, treatment, and services provided.



Scoring

Category : C

Score : Partial Compliance

Observation(s):

The Joint Commission Findings

EP 1

§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site for the Hospital deemed service.

There were two unsecured E type O2 cylinders in the tank storage room. This was observed and then corrected at the time of survey.

Observed in Building Tour at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site for the Hospital deemed service.

The Senior Advantage Program Unit had individual bathrooms in each room. The door hardware and door hinges would have allowed a patient with suicidal ideation a way to use the door hardware or hinges as a means to tie off a sheet or other materials as a potential way to commit suicide by hanging.

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

LS.02.01.20

ESC 45 days

Standard Text:

The hospital maintains the integrity of the means of egress.

Primary Priority Focus Area: Physical Environment

Element(s) of Performance:

1. Doors in a means of egress are unlocked in the direction of egress.
(For full text and any exceptions, refer to NFPA 101-2000: 18/19.2.2.2.4)



Scoring

Category :

A

Score :

Insufficient Compliance

31. Exit signs are visible when the path to the exit is not readily apparent. Signs are adequately lit and have letters that are 4 or more inches high (or 6 inches high if externally lit). (For full text and any exceptions, refer to NFPA 101-2000: 7.10.1.2, 7.10.5, 7.10.6.1, and 7.10.7.1)



Scoring

Category :

C

Score :

Insufficient Compliance

Observation(s):

The Joint Commission Findings

EP 1

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site for the Hospital deemed service.

The main lobby sliding door had an operational thumb latch deadbolt on the door. This was observed and then corrected at the time of survey.

EP 31

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site for the Hospital deemed service.

The front exit door in Mechanical Room 1 did not have an exit sign on or near the door.

Observed in Building Tour at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site for the Hospital deemed service.

The rear exit door in Mechanical Room 1 did not have an exit sign on or near the door.

Observed in Building Tour at Southern Tennessee Medical Center, LLC (1260 University Avenue, Sewanee, TN) site for the Hospital deemed service.

There was not an exit sign on or near the door of the right exit leading out of the cafeteria.

Chapter: Medication Management

Program: Hospital Accreditation

Standard: MM.01.02.01

ESC 45 days

Standard Text: The hospital addresses the safe use of look-alike/sound-alike medications.

Primary Priority Focus Area: Patient Safety

The Joint Commission Findings

Element(s) of Performance:

2. The hospital takes action to prevent errors involving the interchange of the medications on its list of look-alike/sound-alike medications.



Scoring

Category : A
Score : Insufficient Compliance

Observation(s):

EP 2

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. Insulin multi dose vials are on the HCO's look – alike medication list, and are considered a high risk medication. On the Medical – Surgical Unit a medication refrigerator contained a variety of insulin vials, and the vials were all stored in the same box. This was not in keeping with hospital policies. The HCO is currently changing the types and storage of their insulin products. When this change is implemented the intent of this standard will be met.

Observed in Tracer Visit at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. During a review of medications in the refrigerator in the ICU, there were four insulins in one bin without label segregation. The medications were Novolin 70/30, Novolog, Novolin R and Levemir. Once this was observed, it was immediately corrected, the medications were segregated and each area was labeled appropriately.

Chapter: National Patient Safety Goals

Program: Hospital Accreditation

Standard: NPSG.02.03.01

ESC 60 days

Standard Text: Report critical results of tests and diagnostic procedures on a timely basis.

Primary Priority Focus Area: Information Management

Element(s) of Performance:

3. Evaluate the timeliness of reporting the critical results of tests and diagnostic procedures.



Scoring

Category : A
Score : Insufficient Compliance

Observation(s):

EP 3

Observed in Staff Discussions at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. The Imaging Department has a list of critical studies and a second list of critical results. For critical studies the time frame measured is from when the study is ordered to when the LIP is made aware of the result, and the time frame measured for the critical results is from when the radiologist determined that there was a critical result until when the LIP is made aware of the result. A review of how the performance data is calculated by the HCO revealed that both the time frames for critical studies and the time frames for critical results are calculated together, so one could not determine if the HCO met the time frame it requires for the critical results. It was recommended that the critical study and critical result time frames be calculated separately so one can determine how long it took for critical finding to be reported to the LIP.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

The Joint Commission Findings

Standard:

PC.01.02.07

ESC 45 days

Standard Text:

The hospital assesses and manages the patient's pain.

Primary Priority Focus Area: Assessment and Care/Services**Element(s) of Performance:**

3. The hospital reassesses and responds to the patient's pain, based on its reassessment criteria.

**Scoring****Category :**

C

Score :

Insufficient Compliance

Observation(s):

EP 3

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. In a total joint replacement patient pain was reassessed at 16:00 after morning surgery. The pain was described as aching, and treated by ice and repositioning. There was no pain scale included in the assessment or documented pain reassessment within an hour. Both the use of a pain scale and reassessment within an hour are required by the HCO.

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. In the same patient at approximately 20:00 pain was reassessed as aching and managed with ice and repositioning, however again a pain scale was not utilized and there was no documented reassessment within the time frame stipulated by the HCO.

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. During a tracer on the medical surgical unit, it was noted that the patient when the patient was in the emergency department, he was medicated with Morphine IV for pain in the right groin on 1/23 at 14:46. The patient was not reassessed until 17:06. Hospital policy required reassessment within one hour.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.01.03.01

ESC 60 days

Standard Text:

The hospital plans the patient's care.

Primary Priority Focus Area: Information Management**Element(s) of Performance:**

5. The written plan of care is based on the patient's goals and the time frames, settings, and services required to meet those goals.

Note: For psychiatric hospitals that use Joint Commission accreditation for deemed status purposes: The patient's goals include both short- and long-term goals.

**Scoring****Category :**

A

Score :

Insufficient Compliance

Observation(s):

The Joint Commission Findings

EP 5

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. During a tracer of a patient with a diagnosis of pneumonia in the ICU, it was noted that the written plan of care did not include time frames to achieve the written goals.

Observed in Individual Tracer at Southern Tennessee Medical Center, LLC (1260 University Avenue, Sewanee, TN) site. During a tracer of a patient with DVT of his right leg, it was noted that the plan of care did not include time frames in relation to the goals.

Observed in Individual Tracer at Southern Tennessee Medical Center, LLC (1260 University Avenue, Sewanee, TN) site. During a tracer of a patient on the medical unit with the diagnosis of pneumonia and congestive heart failure, it was noted that the plan of care did not include time frames in relation to the goals.

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. During the review of the record of a newborn, it was noted that the plan of care did not include time frames in relation to the goals.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.03.01.03

ESC 45 days

Standard Text: The hospital provides the patient with care before initiating operative or other high-risk procedures, including those that require the administration of moderate or deep sedation or anesthesia.

Primary Priority Focus Area: Assessment and Care/Services

Element(s) of Performance:

1. Before operative or other high-risk procedures are initiated, or before moderate or deep sedation or anesthesia is administered: The hospital conducts a presedation or preanesthesia patient assessment. (See also RC.02.01.01, EP 2)



Scoring

Category : A

Score : Insufficient Compliance

Observation(s):

The Joint Commission Findings

EP 1

Observed in Record Review at Southern Tennessee Medical Center, LLC (1260 University Avenue, Sewanee, TN) site.

During the review of a closed record of a patient who received moderate IV procedural sedation in the emergency department, it was noted that there was no documentation of an ASA score. The procedure was in relation to a dislocation of the left elbow.

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. During the review of the record of an obstetric patient who had a vaginal delivery on 1/28 and a tubal ligation on 1/29, it was noted that there was no presedation evaluation documented prior to the IV procedural sedation in relation to the tubal ligation.

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. During the review of a record of an obstetrics patient who underwent a C-section delivery on 1/28, it was noted that the preanesthesia evaluation was incomplete. There was no documentation of the airway assessment/score. Hospital policy required scoring the the airway and ASA.

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. During the review of a record of a patient who received IV moderate sedation for a reduction of a dislocated shoulder in the ED, there was no documentation of a presedation evaluation. The hospital required ASA scoring and also airway assessment.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.04.01.05

ESC 45 days

Standard Text: Before the hospital discharges or transfers a patient, it informs and educates the patient about his or her follow-up care, treatment, and services.

Primary Priority Focus Area: Information Management

Element(s) of Performance:

8. The hospital provides written discharge instructions in a manner that the patient and/or the patient's family or caregiver can understand.
(See also RI.01.01.03, EP 1)



Scoring

Category : C

Score : Partial Compliance

Observation(s):

EP 8

Observed in Record Review at Southern Tennessee Medical Center, LLC (1260 University Avenue, Sewanee, TN) site.

During the review of a closed record of a patient who received IV procedural sedation in the ED on 1/13/13, there was no documentation that the patient received discharge instructions in relation to the IV sedation.

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. During the review of the record of a patient who received IV moderate sedation in the ED, there was no documentation that the patient received written instructions related to the IV sedation.

Chapter: Record of Care, Treatment, and Services

Program: Hospital Accreditation

The Joint Commission Findings

Standard:

RC.01.01.01

ESC 60 days

Standard Text:

The hospital maintains complete and accurate medical records for each individual patient.

Primary Priority Focus Area: Information Management

Element(s) of Performance:

19. For hospitals that use Joint Commission accreditation for deemed status purposes: All entries in the medical record, including all orders, are timed.



Scoring

Category :

C

Score :

Insufficient Compliance

Observation(s):

EP 19

§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site for the Hospital deemed service.

During a tracer of a cardiac patient, it was noted that the consent for MRI was not timed.

§482.24(c)(2) - (A-0450) - (2) All orders, including verbal orders, must be dated, timed, and authenticated promptly by the ordering practitioner or by another practitioner who is responsible for the care of the patient only if such a practitioner is acting in accordance with State law, including scope-of-practice laws, hospital policies, and medical staff bylaws, rules, and regulations.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site for the Hospital deemed service.

During a tracer of a patient in the ICU, it was noted that physician orders on 1/25, 27 and 29 were not timed.

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site for the Hospital deemed service.

During the review of the record of a newborn female born on 1/28, it was noted that the physical exam was not timed.

Chapter:

Record of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

RC.02.01.01

ESC 45 days

Standard Text:

The medical record contains information that reflects the patient's care, treatment, and services.

Primary Priority Focus Area: Assessment and Care/Services

The Joint Commission Findings

Element(s) of Performance:

4. As needed to provide care, treatment, and services, the medical record contains the following additional information:

- Any advance directives (See also RI.01.05.01, EP 11)
- Any informed consent, when required by hospital policy (See also RI.01.03.01, EP 13)

Note: The properly executed informed consent is placed in the patient's medical record prior to surgery, except in emergencies. A properly executed informed consent contains documentation of a patient's mutual understanding of and agreement for care, treatment, and services through written signature; electronic signature; or, when a patient is unable to provide a signature, documentation of the verbal agreement by the patient or surrogate decision-maker.

- Any records of communication with the patient, such as telephone calls or e-mail
- Any patient-generated information

Scoring

Category : C

Score : Partial Compliance

Observation(s):

EP 4

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. During a visit to out patient surgery a chart was reviewed. The nurse caring for the patient said that the patient may be called several days after the procedure for followup, however the information obtained from the telephone call would not be entered into the patient's record.

Observed in Individual Tracer at Southern Tennessee Medical Center (185 Hospital Road, Winchester, TN) site. Discussion with out patient surgery nurses revealed that patients are often called within several days of discharge for follow-up, however information obtained from this phone call is not made part of the patient's record. The HCO is transitioning to an EMR and staff are developing an online form to capture this information and automatically incorporate it into the record..

Chapter: Record of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: RC.02.01.07

ESC 60 days

Standard Text: The medical record contains a summary list for each patient who receives continuing ambulatory care services.

Primary Priority Focus Area: Information Management

The Joint Commission
Findings

146

Element(s) of Performance:

2. The patient's summary list contains the following information:

- Any significant medical diagnoses and conditions
- Any significant operative and invasive procedures
- Any adverse or allergic drug reactions
- Any current medications, over-the-counter medications, and herbal preparations



Scoring

Category : C

Score : Insufficient Compliance

Observation(s):

EP 2

Observed in Individual Tracer at Southern Tennessee Medical Center, LLC (100 Bible Crossing Road, Decherd, TN) site.

During a tracer of a patient who received occupational therapy treatments in relation to a fracture of the right hand, it was noted that the summary list was incomplete. Some information was available on the patient history, but not all of the requirements of the summary list were present. The patient had more than three visits.

Observed in Individual Tracer at Southern Tennessee Medical Center, LLC (100 Bible Crossing Road, Decherd, TN) site.

During a tracer of a patient who received physical therapy treatments in relation to a total left knee replacement, it was noted that the summary list was incomplete. Some information was available on the patient history, but not all of the requirements of the summary list were present. The patient had more than three visits

Observed in Individual Tracer at Southern Tennessee Medical Center, LLC (100 Bible Crossing Road, Decherd, TN) site.

During a tracer of a patient who received speech therapy in relation to a CVA, it was noted that the summary list was incomplete. The medication list was present. The patient had received many treatments, beginning 9/5/2012.

LEGAL NOTICES

PUBLICATION OF INTENT-HEALTH SERVICES & DEVELOPMENT AGENCY

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Southern Tennessee Medical Center (a hospital), owned and managed by Southern Tennessee Medical Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to initiate mobile PET/CT (positive emission tomography) scanning services at its main hospital campus at 185 Hospital Road, Winchester, Tennessee 37398, at a project cost estimated at \$753,000. The PET/CT unit will provide service to patients one half-day every week.

Southern Tennessee Medical Center is a two-facility general hospital licensed by the Board for Licensing Health Care Facilities, Tennessee Department of Health, for 152 hospital beds (of which 131 are at its Winchester campus). The project will not change its licensed bed complement, or initiate or discontinue any type of health service other than PET/CT scanning. It will include no type of major medical equipment other than the mobile PET/CT unit.

The anticipated date of filing the application is on or before February 14, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street | Nashville, TN 37243

Pursuant to TCA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to oppose a Certificate of Need application must file a written objection with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled, and (B) any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

LEGAL NOTICES

LEGAL NOTICES

including rights of redemption of any governmental agency, state or federal; and any and all prior deeds of trust, liens, dues, assessments, encumbrances, defects, adverse claims and other matters that may take priority over the Deed of Trust upon which this foreclosure sale is conducted or are not extinguished by this Foreclosure Sale. This sale is also subject to any matter of an inspection and accurate survey of the property might disclose.

THIS IS AN ATTEMPT TO COLLECT A DEBT, AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

AS 30th day of January, 2014.

Sam J. McAllester III,
Substitute Trustee
ONE MCALLESTER NORTON PLLC
511 Union Street, Suite 1600
Nashville, Tennessee 37219
615-238-6314

MEETING NOTICE

A Chattanooga Historic Zoning Commission meeting will be held on Thursday, February 20, 2014, at 5:30 p.m. in conference room 1-A of the Development Resource Center, 1250 Market Street.

If you have any questions regarding this meeting, please call Angela Wallace at (423) 643-5878.

NOTICE OF TRUSTEE'S SALE

WHEREAS, by Deed of Trust dated March 24, 2006 and recorded on March 24, 2006, in Book 7884, Page 160, in the Register's Office of Hamilton County, Tennessee (the "Register's Office"), as modified by Modification of Deed of Trust recorded on October 1, 2007, in Book 8482, Page 977, and further modified by Modification of Deed of Trust recorded on December 20, 2012, in Book 9827, Page 989, all recorded in the Register's Office (collectively, as modified, amended and extended, the "Deed of Trust"); J. M. Inner Construction Co., Inc. (the "Borrower"), conveyed to Edward L. Hris, Trustee for the benefit of Cornerstone Community Bank, a Tennessee banking corporation ("Lender"), the property therein described (the "Property"), to secure payment of a Promissory Note dated March 24, 2006, in the principal amount of Two Hundred Forty-Three Thousand Thirty and 1/100 Dollars (\$243,030.58), executed by the Borrower to the order of Lender, as amended and restated that certain Promissory Note dated December 5, 2012, in the amount of One Hundred Sixty-One Thousand Ten Hundred Ninety-Four and 34/100 Dollars (\$261,794.34) executed by Borrower in favor of Lender (collectively, as modified, extended, amended and restated, the "Note"). Lender remains the holder of the Note.

WHEREAS, Jeffrey W. Maddux, was appointed successor Substitute Trustee for the terms of the Appointment of Substitute Trustee executed by Lender January 6, 2014, and recorded on January 13, 2014, in Book 10138, Page 1, in the Register's Office, with all the rights, powers and privileges of the original Trustee named in the Deed of Trust.

WHEREAS, default having been made in the payment of the Promissory Note, which remains unpaid and secured by the Deed of Trust and in the performance of covenants contained in the Deed of Trust to which reference is made for recital of terms and conditions, and wherefore Lender, the lawful owner and holder of the Promissory Note and Deed of Trust, has declared a entire balance thereon due and payable.

NOW, THEREFORE, pursuant to authority vested in me as Substitute Trustee, I shall, at the request of the owner and holder of the Promissory Note, at 10:00 o'clock a.m. EST on March 3, 2014, offer for sale at public auction to the highest and best bidder for cash, at the West door of the Hamilton County Courthouse, Chattanooga, Tennessee in bar of all statutory and common law equities of redemption, dower, homestead and all other rights and

LEGAL NOTICES

Tennessee, in Book 61 6966, Page 737, and the undersigned having been appointed Substitute Trustee by instrument recorded in Book 61 6905, Page 541, in the said Register's Office, and the owner of the debt secured, Bank of America, N.A., having requested the undersigned to advertise and sell the property described in and conveyed by said Deed of Trust, all of said indebtedness having matured by default in the payment of a part thereof, at the option of the owner, this is to give notice that the undersigned will, on Thursday, March 6, 2014 commencing at 01:00 PM, at the West Front Door of the Courthouse, Chattanooga, Hamilton County, Tennessee proceed to sell at public outcry to the highest and best bidder for cash, the following described property, to wit:

Situated in County of Hamilton, State of Tennessee.
Located in the Third Civil District of Hamilton County, Tennessee, Lot Four (4), Resubdivision of Lot 4, Smart-Edmonson-Coker Tract, as shown by plat recorded in Plat Book 28, Page 68, in the Register's Office of Hamilton County, Tennessee.
Tax Parcel ID: 117M-A-001
Property Address: 2400 Briggs Avenue, Chattanooga, TN.

Other Interested Parties: Homebuilders Association of Tennessee

All right and equity of redemption, homestead and dower waived in said Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee.

ARNOLD M. WEISS,
Substitute Trustee

PETS



Standard Poodle Puppies (rare reds)
AKC reg. Arriving mid Feb. shampoed, tails docked. \$900 404-644-4164

LIVESTOCK

Hogs, 250-300 pounds, six months old.
\$1 per pound. Call or text.
423-255-2174 or 423-242-8850

FEED/SEED/PLANTS

HAY - \$5/square, \$30/round, in the barn, load any day. 706-462-2399

HAY IN BARN - \$30 for 4 x 5 roll. Bobby 423-595-7555.

LEGAL NOTICES

NOTICE OF FORECLOSURE SALE STATE OF TENNESSEE, HAMILTON COUNTY

WHEREAS, Lisa Morris Casey and Steve Casey executed a Deed of Trust to Mortgage Electronic Registration Systems, Inc. as mortgagee for

AFFIDAVITSTATE OF TENNESSEECOUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

John Wellborn
SIGNATURE/TITLE

Sworn to and subscribed before me this 13th day of February, 2014 a Notary
(Month) (Year)

Public in and for the County/State of DAVIDSON County Tennessee



J.M.P. North
NOTARY PUBLIC

My commission expires November 5, 2014.
(Month/Day) (Year)

Copy- SUPPLEMENTAL-1

Southern Tennessee Med. Ctr.

CN1402-005

FEB 26 14 4:12

SUPPLEMENTAL- # 1

February 26, 2014

4:15pm

February 25, 2014

Phillip M. Earhart, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application CN1402-005
Southern Tennessee Medical Center--Mobile PET Service

Dear Mr. Earhart:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Section A, Applicant Profile, Item 4

Please provide documentation from the Tennessee Secretary of State that Southern Tennessee Medical is an active Limited Liability Company.

It is active. Documentation is attached following this page.

2. Section B, Project Description, Item 6

The applicant has provided a warranty deed between Methodist Hospital of Middle Tennessee and Stones River Hospital, Inc. Please provide documentation the applicant has ownership of 185 Hospital Road, Winchester (Franklin County), Tennessee, 37398.

Please see the fourth page in Attachment A.4, entitled "Corporate Ownership Changes and Name Changes in the Following Documents".

As it explains, Southern Tennessee Medical Center, LLC acquired the assets of Stones River Hospital, Inc. in December 1998. One of those assets was the Methodist hospital on 185 Hospital Road, which had been acquired by Stones River Hospital, Inc. from Methodist Hospital of Middle Tennessee on May 28, 1993. The acquisition was by means of the referenced warranty deed in Attachment A6. The deed lists the 185 Hospital Road tract on its last page.

Page Two
February 25, 2014

3. Section B, Project Description, Item 6

Please clarify why there are ten (10) licensed beds assigned to the ICU/CCU category in the bed complement data chart, but are not included in the “staffed beds” and “total beds at completion” column count.

In the “total beds at completion” column it appears there is an error for the total of hospital beds. Please clarify.

All errors in the bed counts have been corrected in revised page 3a-R, attached following this page.

4. Section B, Project Description, Item I

a. The applicant states STMC is a federally-designated disproportionate share provider. Please define what a federally-designated disproportionate share provider is and the benefits of being designated as one.

STMC is designated as a disproportionate share provider by meeting a number of criteria (see fact sheet attached after this page) and thus qualifying for an increased Medicare inpatient DRG reimbursement. The primary method of qualifying is to have a Medicaid utilization high enough that, when combined with the hospital's SSI%, and divided by total acute days, the hospital meets a prescribed federal threshold. The benefit is financial: the hospital receives slightly more reimbursement for its Medicare patients than the normal DRG reimbursement provides.

b. On page 6 the applicant notes the service will be under the direction of Raymond Capps, MD, while on page 27 it is noted the Medical Director will be John Allred, MD. Please clarify.

Please excuse the error on page 6. Following this page is a revised page 6R affirming that the Medical Director will be Dr. Allred as stated on page 27.

c. Please provide board certification documentation of neurology and radiology for Raymond Capps, MD.

Dr. Allred's submitted CV included documentation of Board certification in Radiology and subcertification in Neuroradiology.

Page Three
February 25, 2014

d. In the application Southern Tennessee Medical Center, CN0212-124A, PET scans were projected at 108 scans in Year One, and 119 scans in Year Two. The HSDA Medical Equipment Registry indicates STMC provided 41 PET scans in 2005 and 38 in 2006. If STMC could not reach the projected PET scans in Year One and Year Two in the previous application, what has changed that it will meet 100 PET scans in Year One, and 175 PET scan in Year Two of this proposed project? Please discuss.

The 2005-2006 utilization was lower in part because the hospital's radiologist at the time was not trained and willing to interpret PET studies, which were a less widely used modality at the time. The studies were sent to a remote source for interpretation; and there were frustrating delays in receiving results. Some physicians then began sending patients out of town for more rapid results. But also, the largest referrers to the PET at that time began to relocate to other States or retire in 2005 and 2006, so utilization was limited.

Today, PET has become a more widely used diagnostic tool. More service area physicians have indicated a desire to have the service, and/or to refer larger numbers of patients than was the case eight years ago. In addition, the hospital's current radiologist will provide rapid turnaround interpretation, and will initially provide validating over-reads, to ensure both speed and accuracy of interpretation.

e. Please provide a list of active STMC medical staff including board certifications.

The list we discussed by phone is attached at the end of the responses. It is a requirement of the STMC system that all the medical staff be Board Certified.

f. The applicant states "if for some reason no patients need to be scanned on a scheduled day of mobile service, then with notice on the day before service, the unit will not come to the hospital and no costs will be incurred". Please clarify what costs the hospital will incur (other than unused FDG) if a patient does not give notice and is a no-show, and the PET scanner comes to the hospital to deliver a service.

That situation is referenced in the third paragraph of the draft contract page headed "Additional Services:". It says "In the event that the scheduled procedure cannot be completed due to the 'no show' or patient cancellation at the time of procedure, Vendor shall not charge the Facility for the radiopharmaceutical." Nor would there be any other cost.

Page Four
February 25, 2014

5. Section B, Item II. C

a. Table four on page 17 indicates there will be eight monthly PET referrals from four (4) physicians from Crockett Hospital and one (1) monthly referral from a physician from Hillside Hospital. This represents 33% of the applicant's estimated monthly referrals which will come outside of the primary service area. Please clarify why Lawrence and Fayette counties are not in the primary service area. What is the distance between the applicant and Crockett Hospital?

Table Four lists the number of referrals that those physicians feel they could refer to the STMC PET service. Not all those patients will actually choose STMC over closer PET providers. Table Four simply demonstrated the STMC health system's medical staff need and support for re-opening mobile PET. It was not our patient origin projection.

STMC (a) projected *receiving* only 54% of the total estimated referrals; (b) projected that 84% of *those received* would be residents of Franklin and Grundy Counties (STMC's historic primary service area); and (c) in accord with HSDA practices, offered no patient origin projections from secondary service area counties. It is logical to assume that STMC's primary service area for PET will closely resemble its historic two-county primary service area, and that counties like Lawrence, Giles, and Fayette will generate very few referrals.

The reason is drive time. STMC is approximately 86 miles and ninety-two minutes' drive time from Crockett Hospital in Lawrenceburg, Lawrence County. It is approximately 63.1 miles and 68 minutes drive time from Hillside Hospital in Pulaski, Giles County (from Google Maps on 2-24-14 at 9:40 am).

b. Please provide letters from cardiologists stating the estimated monthly PET referrals to STMC.

STMC has both visiting and community-based cardiologists, and a cath lab that provides interventional procedures as well as diagnostic procedures. However, cardiologists tend to obtain cardiac PET scans on specialized Cardiac PET/CT units that are equipped with special software. The PET/CT unit that Alliance will bring to STMC is not equipped to perform cardiac scans; and no cardiologists' requests for local cardiac PET scans were received in initial medical staff surveys.

Page Five CORRECTED TYPOGRAPHICAL ERRORS YR 1--5/8/14
February 25, 2014

c. Please verify that FP/IM stands for Family Practice/Internal Medicine.

Yes, it does.

d. Please complete the following table which indicates the projected number of patients served in Year One and Year Two by specialty:

Specialty	Year One	Year Two
Cardiology	0	0
Oncology	12	18
Neurology	65	80
Other	23	77
Total	100	175

Source: Hospital management and Radiologist.

6. Section B, Item II. E

a. The applicant states the proposed PET/CT scanner was manufactured in 2006 and the life of the equipment is 5 years. Please clarify the end date of the life of the equipment.

Estimating the "life" of major medical equipment that can be periodically upgraded and refurbished is very speculative. However, for this unit, five additional years was a reasonable estimate--meaning that CY2019 will be the next year when upgrading or replacement is expected.

b. The proposed unit will serve Williamson Medical Center in Franklin on Mondays, and is proposed to serve STMC in Winchester on Monday afternoons. What are the current hours of the mobile PET/CT scanner at Williamson Medical Center on Monday mornings, and the proposed hours for STMC on Monday afternoon? In addition, what is the distance between STMC and Williamson Medical Center?

Allied Imaging reports that the unit is on site at Williamson Medical Center Monday mornings from 7 AM until typically 11 AM, but not later than noon. Allied expects to be at STMC in Winchester and set up for patient service after 1 pm, but no later than 2 pm, on Monday afternoons.

Google Maps indicates that STMC is 84.5 miles and 88 minutes drive time from Williamson Medical Center.

FACT
SHEETFebruary 26, 2014
12pm

Medicare Disproportionate Share Hospital



SECTION 9105 OF THE CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985 (Public Law 99-272) amended Section 1886(d)(5) of the Social Security Act (the Act) to add new subparagraph (F), known as the Medicare Disproportionate Share Hospital (DSH) adjustment provision, which became effective for discharges occurring on or after May 1, 1986.

Methods to Qualify for Medicare Disproportionate Share Hospital Adjustment

A hospital can qualify for the Medicare DSH adjustment by using one of the following two methods:

■ Primary Method

The primary method for qualifying for the Medicare DSH adjustment pertains to hospitals that serve a significantly disproportionate number of low-income patients and is based on the disproportionate patient percentage (DPP), which is equal to the sum of the percentage of Medicare inpatient days (including Medicare Advantage inpatient days) attributable to patients entitled to both Medicare Part A and Supplemental Security Income (SSI) and the percentage of total patient days attributable to patients eligible for Medicaid but not eligible for Medicare Part A. If a hospital's DPP equals or exceeds a specified threshold amount, the hospital qualifies for the Medicare DSH adjustment. The Medicare DSH adjustment



is determined by using a complex formula (the applicable formula is also based on a hospital's particular DPP).

■ Alternate Special Exemption Method

The alternate special exemption method for qualifying for the Medicare DSH adjustment applies to hospitals that are located in an urban area, have 100 or more beds, and can demonstrate that more than 30 percent of their total net inpatient care revenues come from State and local government sources for indigent care (other than Medicare or Medicaid). These hospitals are also known as

MEDICARE DISPROPORTIONATE PATIENT PERCENTAGE

**Disproportionate
Patient
Percentage**

Medicare/SSI Days

Medicaid, Non-Medicare Days

+

Total Medicare Days

Total Patient Days

"Pickle" hospitals as defined under Section 1886(d)(5)(F)(i)(II) of the Act. If a hospital qualifies under this method, the statute provides for a specific Medicare DSH adjustment.

Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and Deficit Reduction Act of 2005 Provisions that Impact Medicare Disproportionate Share Hospitals

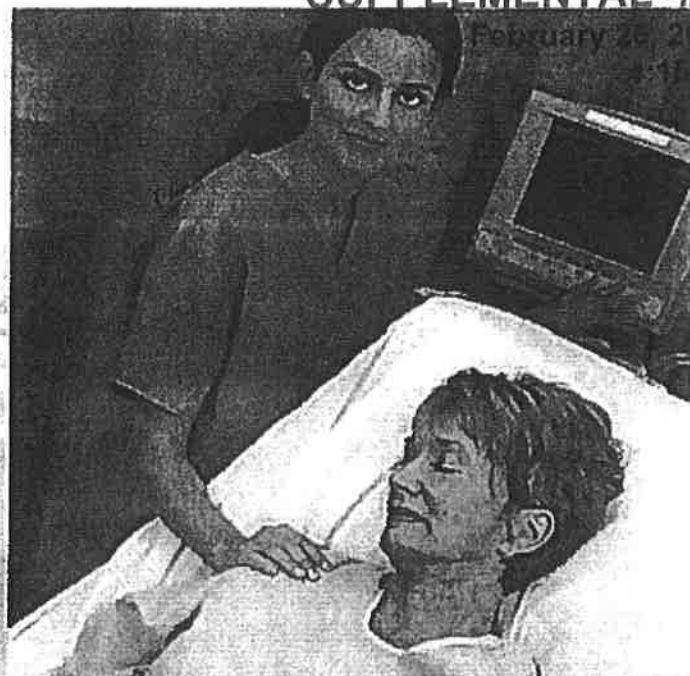
Section 402 of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 further amended Section 1886(d)(5)(F) of the Act so that for discharges occurring on or after April 1, 2004, regarding hospitals under the primary qualifying method, the Medicare DSH payment adjustment percentage formulas for large, urban hospitals apply to additional types of hospitals (e.g., thereby increasing the DSH payment adjustment percentage for hospitals such as rural hospitals with fewer than 500 beds and urban hospitals with fewer than 100 beds). In addition, Section 402 of the MMA imposed a 12 percent cap on the DSH payment adjustment for certain hospitals (exempted from the cap are hospitals classified as Rural Referral Centers [RRC], urban hospitals with 100 or more beds, and hospitals located in rural areas with 500 or more beds). Per Section 5003 of the Deficit Reduction Act of 2005, as of October 1, 2006, Medicare Dependent Hospitals (MDH) are also exempt from the cap. Under the primary qualifying method, the formulas to establish a hospital's Medicare DSH payment adjustment percentage are based on certain hospital-specific information including its:

- Geographic designation (i.e., urban or rural);
- Number of beds; and
- Status as a RRC or MDH.

Number of Beds in Hospital Determination

Under the *Code of Federal Regulations (CFR)* at 42 CFR Section 412.106(a)(1)(i), the number of beds in a hospital is determined, in accordance with 42 CFR Section 412.105(b) by dividing the number of available bed days during the cost reporting period by the number of days in the cost reporting period.

In addition, for purposes of Medicare DSH, the number of patient days in a hospital includes only those days attributable to units or wards of the hospital furnishing acute care services generally payable under the Inpatient



Prospective Payment System (IPPS) and excludes patient days associated with:

- Beds in excluded distinct part hospital units;
- Beds counted as outpatient observation, skilled nursing swing bed, or ancillary labor/delivery services;
- Beds in units or wards that are not occupied to furnish a level of care under the acute care hospital IPPS at any time during the three preceding months; and
- Beds in units or wards that are otherwise occupied that could not be made available for inpatient occupancy within 24 hours for 30 consecutive days.

Medicare Disproportionate Share Hospital Payment Adjustment Formulas

Under Section 1886(d)(5)(F) of the Act, additional Medicare DSH payments are made under the IPPS to acute hospitals that serve a large number of low-income patients or to hospitals that qualify as "Pickle" hospitals. The disproportionate share adjustment percentage for a "Pickle" hospital is equal to 35 percent. The adjustment formulas under the primary qualifying method are not applicable to "Pickle" hospitals. Under the primary qualifying method, a PPS hospital is eligible to receive Medicare DSH payments when its DPP meets or exceeds 15 percent. The chart on page 3 depicts Medicare DSH payment adjustment formulas for hospitals qualifying under the primary method.

MEDICARE DISPROPORTIONATE SHARE HOSPITAL PAYMENT 4:15pm

ADJUSTMENT FORMULAS—PRIMARY QUALIFYING METHOD

Status/Location Number of Beds	Threshold	Adjustment Formula
URBAN HOSPITALS 0 - 99 Beds	$\geq 15\%, \leq 20.2\%$	$2.5\% + [.65 \times (\text{DPP} - 15\%)]$ Not to Exceed 12%
	$\geq 20.2\%$	$5.88\% + [.825 \times (\text{DPP} - 20.2\%)]$ Not to Exceed 12%
100 or more Beds	$\geq 15\%, \leq 20.2\%$	$2.5\% + [.65 \times (\text{DPP} - 15\%)]$ No Cap
	$\geq 20.2\%$	$5.88\% + [.825 \times (\text{DPP} - 20.2\%)]$ No Cap
RURAL REFERRAL CENTERS	$\geq 15\%, \leq 20.2\%$	$2.5\% + [.65 \times (\text{DPP} - 15\%)]$ No Cap
	$\geq 20.2\%$	$5.88\% + [.825 \times (\text{DPP} - 20.2\%)]$ No Cap
MEDICARE-DEPENDENT HOSPITALS	$\geq 15\%, \leq 20.2\%$	$2.5\% + [.65 \times (\text{DPP} - 15\%)]$ No Cap
	$\geq 20.2\%$	$5.88\% + [.825 \times (\text{DPP} - 20.2\%)]$ No Cap
OTHER RURAL HOSPITALS 0 - 499 Beds	$\geq 15\%, \leq 20.2\%$	$2.5\% + [.65 \times (\text{DPP} - 15\%)]$ Not to Exceed 12%
	$\geq 20.2\%$	$5.88\% + [.825 \times (\text{DPP} - 20.2\%)]$ Not to Exceed 12%
500 or more Beds	$\geq 15\%, \leq 20.2\%$	$2.5\% + [.65 \times (\text{DPP} - 15\%)]$ No Cap
	$\geq 20.2\%$	$5.88\% + [.825 \times (\text{DPP} - 20.2\%)]$ No Cap

Below is an example of a Medicare DPP calculation and the corresponding payment adjustment calculation under the primary qualifying method:

Hospital A has 62 beds and is located in an urban area.

In fiscal year 2003, it had 5,000 total patient days, 1,000 Medicaid/non-Medicare days, 2,000 Medicare Part A days and 300 Medicare Part A/SSI days. Hospital A's Medicare DPP is 35 percent.

MEDICARE DISPROPORTIONATE PATIENT PERCENTAGE

Disproportionate Patient Percentage	300	+	1,000	= .35
	Medicare/SSI Days		Medicaid, Non-Medicare Days	
	2,000		5,000	
	Total Medicare Days		Total Patient Days	

Because Hospital A is located in an urban area, has less than 100 beds, and has a DPP of more than 20.2 percent, the formula for determining the Medicare DSH adjustment is:

$$5.88\% + [.825 \times (\text{DPP} - 20.2\%)]$$

$$5.88\% + [.825 \times (35\% - 20.2\%)]$$

$$5.88\% + 12.21\% = 18.09\%$$

Urban hospitals with less than 100 beds are subject to a maximum DSH adjustment of 12 percent. Hospital A's

Medicare DSH adjustment is 12 percent.

To find additional information about Medicare DSHs, see Chapter 3 of the Medicare Claims Processing Manual (Pub. 100-4) at <http://www.cms.hhs.gov/Manuals> on the Centers for Medicare & Medicaid Services website. Additional information about the number of beds in a hospital can be found in the CFR at <http://www.gpoaccess.gov/cfr/index.html> on the Web.

HELPFUL WEBSITES

American Hospital Association Section for Small or Rural Hospitals
http://www.aha.org/aha/key_issues/rural/index.html

Critical Access Hospital Center
<http://www.cms.hhs.gov/center/cah.asp>

Federally Qualified Health Centers Center
<http://www.cms.hhs.gov/center/fqhc.asp>

Health Resources and Services Administration
<http://www.hrsa.gov>

Hospital Center
<http://www.cms.hhs.gov/center/hospital.asp>

HPSA/PSA (Physician Bonuses)
http://www.cms.hhs.gov/hpsapsaphysicianbonuses/01_overview.asp

Medicare Learning Network
<http://www.cms.hhs.gov/MLNGenInfo>

National Association of Community Health Centers
<http://www.nachc.org>

National Association of Rural Health Clinics
<http://www.narhc.org>

National Rural Health Association
<http://www.nrharural.org>

Rural Health Center
<http://www.cms.hhs.gov/center/rural.asp>

Rural Assistance Center
<http://www.raconline.org>

Telehealth
<http://www.cms.hhs.gov/Telehealth>

U.S. Census Bureau
<http://www.Census.gov>

REGIONAL OFFICE RURAL HEALTH COORDINATORS

Below is a list of contact information for CMS Regional Office Rural Health Coordinators who provide technical, policy, and operational assistance on rural health issues.

REGION I – BOSTON
Rick Hoover
E-mail: richard.hoover@cms.hhs.gov
Telephone: (617) 565-1258
States: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont

REGION II – NEW YORK
Miechal Lefkowitz
E-mail: miechal.lefkowitz@cms.hhs.gov
Telephone: (212) 616-2517
States: New Jersey, New York, Puerto Rico, and Virgin Islands

REGION III – PHILADELPHIA
Patrick Hamilton
E-mail: patrick.hamilton@cms.hhs.gov
Telephone: (215) 861-4097
States: Delaware, Maryland, Pennsylvania, Virginia, West Virginia, and Washington DC

REGION IV – ATLANTA
Lana Dennis
E-mail: lane.dennis@cms.hhs.gov
Telephone: (404) 562-7379
States: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee

REGION V – CHICAGO
Christine Davidson
E-mail: christine.davidson@cms.hhs.gov
Telephone: (312) 886-3642
States: Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin

REGION VI – DALLAS
Becky Peal-Sconce
E-mail: becky.peal-sconce@cms.hhs.gov
Telephone: (214) 767-6444
States: Arkansas, Louisiana, New Mexico, Oklahoma, and Texas

REGION VII – KANSAS CITY
Robert Epps
E-mail: robert.epps@cms.hhs.gov
Telephone: (816) 426-6538
States: Iowa, Kansas, Missouri, and Nebraska

REGION VIII – DENVER
Lyla Nichols
E-mail: lyla.nichols@cms.hhs.gov
Telephone: (303) 844-6218
States: Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming

REGION IX – SAN FRANCISCO
Neal Logue
E-mail: neal.logue@cms.hhs.gov
Telephone: (415) 744-3551
States: Arizona, California, Hawaii, Nevada, Guam, Commonwealth of the Northern Mariana Islands, and American Samoa

REGION X – SEATTLE
Alma Hardy
E-mail: alma.hardy@cms.hhs.gov
Telephone: (206) 615-2387
States: Alaska, Idaho, Oregon, and Washington

Page Six

February 25, 2014

c. The Mobile PET/CT Imaging Services Agreement dated June 18, 2013 between LifePoint Hospitals, Inc. and Alliance HealthCare services, Inc. is noted. Please clarify how the proposed mobile PET/CT unit will be amended to the existing mobile PET/CT Imaging Services Agreement.

After CON approval is granted, LifePoint's legal staff will work with Alliance Imaging legal staff to amend the list of facilities covered by the contract. This is an established corporate contract, so needed amendments take place quickly.

7. Section C, Need, Item 1.a. (Service Specific Criteria (Specific Criteria, Positron Emission Tomography) Item 1

The applicant refers to CPT codes in Section C (II) 6B. Please indicate where this is located in the application.

Section C(II) 6B is on page 48. The table with CPT codes is on page 49.

8. Section C, Need, Item 1.a. (Service Specific Criteria (Specific Criteria, Positron Emission Tomography) Item 4

Please list referral agreements the applicant has with providers that offer as a minimum cancer treatment services, including radiation, medical and surgical oncology services.

The applicant believes that the wording of criterion 4 of the Guidelines makes it applicable not to hospital applicants, but rather to non-hospital applicants (e.g., physicians; ODC's).

As stated on page 25 of the STMC application, hospitals cannot refer patients. They do not have referral agreements with other hospitals. STMC has no referral agreements with other hospitals.

When patients need tertiary care facilities with more comprehensive oncology services, STMC physicians refer their patients themselves, to appropriate specialists based in oncology programs in Nashville, Chattanooga, Murfreesboro, and Columbia.

Page Seven
February 25, 2014

9. Section C, Need, Item 1.a. (Service Specific Criteria (Specific Criteria, Positron Emission Tomography) Item 6.B

Please provide documentation from the vendor the mobile PET scanner complies with all applicable Federal standards, manufacturer's specifications, and licensing requirements.

Please see the letter from Alliance Imaging, attached after this page.

10. Section C, Need, Item 1.a. (Service Specific Criteria (Specific Criteria, Positron Emission Tomography) Item 6.B

It is noted all hospitals have long-established protocols for dealing with emergencies. Since this is a new service, how will the applicant handle emergencies specific to the mobile PET/CT?

The draft protocols are attached at the end of the responses.

11. Section C, Need, Item 1.a. (Service Specific Criteria (Specific Criteria, Positron Emission Tomography) Item 6.B**Please provide protocols that assure that all clinical PET procedures performed are medically necessary and will not unnecessarily duplicate other services.**

The draft protocols are attached at the end of the responses.

12. Section C, Need, Item 1.a. (Service Specific Criteria (Specific Criteria, Positron Emission Tomography) Item 8.a

Please provide a brief summary of medically underserved areas in Franklin and Grundy counties. In addition, the referred attachment could not be located. Please provide.

The USDHS website for the Health Resources and Services Administration indicates that both counties are designated as medically underserved areas. Attached are the documentation pages from the website that were inadvertently omitted from the Attachments.



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SUPPLEMENTAL- # 1

February 26, 2014

4:15pm

Leonard W. Marsh
Executive Vice President
Chief Operating Officer
Cell (607) 372-3233

February 24, 2014

RE: Medical Coaches Mobile P.E.T. Imaging
VIN #1M9A6A8257H022311
Date of Manufacturer April 19, 2007

To whom it may concern;

This is to certify the above referenced vehicle:

- Conformed to all applicable Federal Motor Vehicle Safety Standards in effect as of the date of manufacturer.
- Conformed to all applicable State of Ohio Motor Vehicle Safety Standards in effect as of the date of manufacturer.
- Conformed to all applicable State of Ohio manufacturing codes in effect on the date of manufacturer.

Sincerely,



Leonard W. Marsh

Page Eight
February 25, 2014

13. Section C, Economic Feasibility, Item 4

Please clarify why management fees are designated as “fees to non-affiliates” in the Historical Data Chart, but are designated as “fees to affiliates” in the Projected Data Chart.

Those entries in the Historical Data Chart should have been entered on the affiliates line. Attached after this page is revised page 43R.

14. Section C, Economic Feasibility, Item 5.

Table Ten is noted. However, it appears the average gross charge per procedure is calculated incorrectly for Year One and Year Two. Please revise.

Attached after this page is revised page 47R correcting the data.

15. Section C, Economic Feasibility, Item 6.B.

Please compares the gross charges per PET procedure/Treatment to gross charges provided by HSDA at the following web-site:
http://tennessee.gov/hsda/applicants_tools/docs/quartile-med%20equip.pdf

Attached after this page is revised page 48R--with that comparison added (and Table Eleven amended to show the accurate STMC gross charge).

16. Section C, Economic Feasibility, Item 10.

Please indicate if the provided financial documents are audited.

STMC financial documents are not audited. LifePoint audits only the consolidated corporate financial documents.

17. Section C, Orderly Development, Item 1.

Please list hospitals the applicant has transfer agreements with.

The hospital has no current transfer agreements with other facilities.

Page Nine
February 25, 2014

18. Section C, Orderly Development, Item 7 (b.)

Please indicate if the applicant will seek accreditation by the Intersocietal Accreditation Commission (IAC).

STMC does not expect to seek IAC accreditation for the PET/CT service. However, STMC will seek American College of Radiology (ACR) accreditation for the PET/CT. STMC already has ACR accreditation on its mammography, CT, MRI, Ultrasound, and Nuclear Medicine services. This additional information on accreditation has been added to revised page 56R, attached after this page.

19. Section C, Orderly Development, Item 7 (d.)

The latest licensure inspection on August 27-29 2012 at 629 Hospital Road, Winchester, TN is noted. However, please provide a copy of the latest licensure survey for Southern Tennessee Medical Center located at 185 Hospital Road, Winchester, TN 37398.

The submitted inspection is the most recent one for STMC. It was an inspection of the hospital's SNF unit, which was, and is, in the hospital at 185 Hospital Road. TDH erred in listing the address as 629 Hospital Road.

The hospital has been on "deemed" status for many years, meaning that the Joint Commission inspections are deemed sufficient by the TDH. The last TDH inspection STMC has for the whole hospital was in 1999, more than thirteen years ago.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn
Consultant

Board Certification of Medical Staff Indicating Intent to Refer to PET/CT

Physician	Hospital	Specialty	Board Certified
Dr. James Bell	Hillside	FP/IM	Board Certified in Family Practice
Dr. Gregg Shepard	Crockett	Oncology	Board certified in IM with subspeciality Oncology
Dr. Michael Boyd	Crockett	Surgeon	Board certified in Surgery
Dr. Norman McNaulty	Crockett	Neurology	Board certified in Neurology
Dr. Frank Rao	STMC	ENT	Board Certified in Otolaryngology
Dr. Raymond Capps	STMC	Neurology	Board certified in Neurology
Dr. Joanne Filchok	STMC	FP/IM	Board Certified in Family Practice
Dr. David Martin	STMC	FP/IM	Board Certified in Family Practice
Dr. Mat Petrilla	STMC	FP/IM	Board Certified in Family Practice
Dr. Louis Koella	STMC	FP/IM	Board Certified in Family Practice

Source: STMC Management

AFFIDAVIT

FEB 26 14 PM 4:15

STATE OF TENNESSEE

COUNTY OF DAVIDSONNAME OF FACILITY: Southern Tennessee Medical Center (PET/CT)

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

John L Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 26 day of FEBRUARY, 2014, witness my hand at office in the County of DAVIDSON, State of Tennessee.

[Signature]
NOTARY PUBLIC

My commission expires 1-11, 17.

HF-0043

Revised 7/02



**Copy Additional
Info.-
SUPPLEMENTAL-1**

Southern Tennessee Med. Ctr.

CN1402-005

May 9, 2014

Phillip M. Earhart, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application CN1402-005
Southern Tennessee Medical Center--Mobile PET Service

Dear Mr. Earhart:

This letter transmits corrected pages for both the first and second supplemental responses (February 25 and February 27, 2013) you were sent for the subject application. There were typographical errors in the following table. Apologies for the mistakes. The correct Year One total should have been 100 patients. The “73 other” in the submitted tables should have been “23 other” and the data were in the wrong rows on the second submittal. Also submitted is corrected page 23R with the Guideline standard corrected.

5d. Please complete the following table which indicates the projected number of patients served in Year One and Year Two by specialty:

Specialty	Year One	Year Two
Cardiology	0	0
Oncology	12	18
Neurology	65	80
Other	23	77
Total	100	175

Source: Hospital management and Radiologist.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn
John Wellborn
Consultant

AFFIDAVIT

SUPPLEMENTAL

STATE OF TENNESSEE

COUNTY OF DAVIDSONNAME OF FACILITY: SOUTHERN TN MED CENTER - PET/CT ^{MOBILE}

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27 day of FEB, 2014,
witness my hand at office in the County of Davidson, State of Tennessee.

[Signature]
NOTARY PUBLIC

My commission expires November 5, 2014.

HF-0043

Revised 7/02



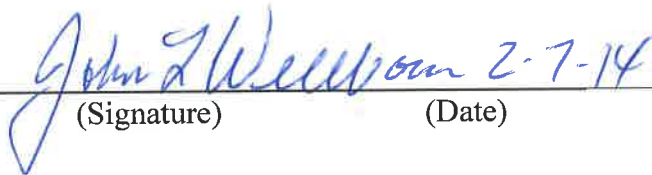
LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Chattanooga Times-Free Press, which is a newspaper of general circulation in Franklin County, Tennessee, on or before February 10, 2014, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Southern Tennessee Medical Center (a hospital), owned and managed by Southern Tennessee Medical Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to initiate mobile PET/CT (positive emission tomography) scanning services at its main hospital campus at 185 Hospital Road, Winchester, Tennessee 37398, at a project cost estimated at \$835,000. The PET/CT unit will provide service to patients one half-day every week.

Southern Tennessee Medical Center is a two-facility general hospital licensed by the Board for Licensing Health Care Facilities, Tennessee Department of Health, for 152 hospital beds (of which 131 are at its Winchester campus. The project will not change its licensed bed complement, or initiate or discontinue any type of health service other than PET/CT scanning. It will include no type of major medical equipment other than the mobile PET/CT unit.

The anticipated date of filing the application is on or before February 14, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

 2-7-14

(Signature)

(Date)

jwdsg@comcast.net
(E-mail Address)

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: April 30, 2014

APPLICANT: Southern Tennessee Medical Center
185 Hospital Road
Winchester, Tennessee 37398

CN1402-005

CONTACT PERSON: John Wellborn
Development Support Group
4219 Hillsboro Road, Suite 210
Nashville, Tennessee 37215

COST: \$834,135

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Southern Tennessee Medical Center (STMC), located in Winchester (Franklin County), Tennessee, seeks Certificate of Need approval to initiate mobile positron emission tomography/computed tomography (PET/CT) scanning services at its main hospital campus at 185 Hospital Road. The PET/CT unit will provide services to patients one half-day per week.

STMC is a two facility general hospital licensed by the Tennessee Department of Health for 152 hospital beds, of which 131 beds are located on the Winchester campus. This project will not change the licensed bed complement initiate or initiate or discontinue any type of health service other than PET/CT scanning services. No other type of major medical will be included other than the PET/CT unit.

STMC is owned by LifePoint Hospitals, Inc., through two other subsidiaries wholly owned by LifePoint Hospitals, Inc. Attachment A.4 contains details and information, including an organization chart.

The applicant belongs to the Southern Tennessee Regional Health System (STRHS), an organization of four rural facilities who are the only acute care providers located in Franklin, Giles, and Lawrence counties. Each of the four hospitals is a rural hospital and the only hospital in its county. All four hospitals are Federally-designated disproportionate share providers due to their very high levels of Medicare and TennCare/Medicaid services.

The total estimated project cost is \$834,135 and will be funded through cash reserves as documented by STMC's Chief Financial Officer in Attachment C, Economic Feasibility-2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

The applicant provides Table Four on page 17 of the application which lists the physicians by STRHS hospital and the estimated number of monthly referrals they would make to STMC. STMC estimates 100 procedures in year one and 175 procedures in year two. In year two, 81% of the referrals to the unit are projected by its own medical staff (175/216). This estimate is only 54% of the referrals projected by the medical staffs affiliated with STMC's Southern Tennessee Regional Health System (173/324).

A primary objective of this proposal is to offer improved accessibility to service area patients. Table Five on page 19 of the application provides the mileage and driving time to the PET providers from service area origin. Conversely, Table Six shows distance and drive time from Franklin and Grundy county communities to STMC. A number of the service area patients find unnecessary travel a hardship. Having STMC as an option would appeal to a number of residents of the service area.

TENNCARE/MEDICARE ACCESS:

The applicant participated in the Medicare and TennCare/Medicaid programs. STMC has contracts with AmeriGroup, United Healthcare Community Plan, and Select.

The applicant projects gross Medicare revenues of \$204,618 or 53.9% of total gross revenues and TennCare/Medicaid gross revenues of \$58,402 or 15.4% of total gross revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 40 of the application. The total project cost is estimated to be \$834,135.

Historical Data Chart: The Historical Data Chart is located in Supplemental 1 of the application. The applicant reports net operating income of \$10,546,012, \$8,534,821 and \$10,679,670 in years 2011, 2012, and 2013, respectively.

Projected Data Chart: The Projected Data Chart is located on page 45 of the application. The applicant projects 100 procedures in year one and 175 procedures in year two with net operating revenues of \$27,590 and \$53,105 each year, respectively.

The average gross charge in year one is estimated to be \$3,796, with an average deduction of \$2,516, resulting in an average net charge of \$1,280. The average year two gross charge is estimated to be \$3,796, with an average deduction of \$2,500, resulting in an average net charge of \$1,296. The applicant compares charges of other facilities in Middle Tennessee on page 48R of Supplemental 1.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

STMC discharges patients to its two SNF units at the Winchester and Sewanee campuses, and also to Heritage Manor and Mountain View Nursing Home. The hospital frequently refers patients to Winchester Homecare, Middle Tennessee Homecare, and Elk Valley Homecare.

The applicant's project will have a positive effect on the accessibility to services for many of its patients in the primary service area. Patients now drive long distances to one of a dozen Middle Tennessee providers. The Murfreesboro provider that serves 58% of STMC's primary service area patients would be most affected. If 80% of these patients chose STMC instead, there would only be a 6.8 negative impact on that provider.

No additional staff is required for this project.

The applicant provides a list of all affiliations with training programs on page 55 of the application.

STMC is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by Joint Commission. The most recent licensure inspection occurred on 8/29/12 and a plan of correction was accepted on 10/9/12.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

PET Standards and Criteria

1. Applicants proposing a new stationary PET unit should project a minimum of at least 1,000 PET procedures in the first year of service, building to a minimum of 1,600 procedures per year by the second year of service and for every year thereafter.

Providers proposing a mobile PET unit should project a minimum of at least 133 mobile PET procedures in the first year of service per day of operation per week, building to an annual minimum of 320 procedures per day of operation per week by the second year of service and for every year thereafter. The minimum number of procedures for a mobile PET unit should not exceed a total of 1,600 procedures per year if the unit is operated more than five (5) days per week.

The application for mobile and stationary units should include projections of demographic patterns, including analysis of applicable population-based health status factors and estimated utilization by patient clinical diagnoses category (ICD-9).

For units with a combined utility, e.g., PET/CT units, only scans involving the PET function will count towards the minimum number of procedures.

The applicant consulted with HSDA staff who advised that one half day of service per week was the equivalent of 74 and 160 procedures in years one and two. The applicant projects 100 and 175 procedures in years one and two.

2. All providers applying for a proposed new PET unit should document that the proposed location is accessible to approximately 75% of the service area's population.

Applications that include non-Tennessee counties in their proposed service areas should provide evidence of the number of existing PET units that service the non-Tennessee counties and the impact on PET unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity.

The applicant's service area is within reasonable driving time to the facility. There are no other PET/CT units in the applicant's primary service area.

3. All providers should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

This is a shared service. There are not alternative PET/CTs available in the primary service area. The cost is minimal and the contractual agreement is nearly risk-free. Quality of care will be assured by an Allied Imaging PET technologist and the hospital's neuroradiologist.

4. Any provider proposing a new mobile PET unit should demonstrate that it offers or has established referral agreements with providers that offer as a minimum, cancer treatment services, including radiation, medical and surgical oncology services.

STMC has medical and surgical oncology services available. Radiation therapy is available in Columbia, Chattanooga, Murfreesboro, and Nashville. STMC medical staff working in oncology has referral relationships with providers in these areas.

5. A need likely exists for one additional stationary PET unit in a service area when the combined average utilization of existing PET service providers is at or above 80% of the total capacity of 2,000 procedures during the most recent twelve month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per PET unit is based upon the following formula:

Stationary Units: Eight (8) procedures /day x 250 days/year = 2,000 procedures/year

Mobile Units: Eight (8) procedures /day x 50 days/year= 400 procedures/year

The provider should demonstrate that its acquisition of an additional stationary or mobile PET unit in the service area has the means to perform at least 1,000 stationary PET procedures or 133 mobile PET procedures per day of operation per week in the first full one-year period of service operations, and at least 1,600 stationary PET procedures or 320 mobile PET procedures per day of operation per week for every year thereafter.

This criterion is not applicable.

6. The applicant should provide evidence that the PET unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed PET unit for clinical use.

The applicant provided FDA documentation in the Attachments of the application.

- b. The applicant should demonstrate that the proposed PET procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The applicant provides a letter from Allied Imaging in Supplemental 1.

- c. The applicant should demonstrate how emergencies within the PET unit facility will be managed in conformity with accepted medical practice.

The applicant provides draft protocols in Supplemental 1.

- d. The applicant should establish protocols that assure that all clinical PET procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant provides draft protocols in Supplemental 1.

- e. The PET unit should be under the medical direction of a licensed physician. The applicant should provide documentation that attests to the nature and scope of the duties and responsibilities of the physician medical director. Clinical supervision and interpretation services must be provided by physicians who are licensed to practice medicine in the state of Tennessee and are board certified in Nuclear

Medicine or Diagnostic Radiology. Licensure and oversight for the handling of medical isotopes and radiopharmaceuticals by the Tennessee Board of Pharmacy and/or the Tennessee Board of Medical Examiners—whichever is appropriate given the setting—is required. Those qualified physicians that provide interpretation services should have additional documented experience and training, credentialing, and/or board certification in the appropriate specialty and in the use and interpretation of PET procedures.

The medical director is double board certified in radiology and neurology. His resume and board certification are provided in the Attachments to the application.

- f. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

No emergency transfer agreements are necessary as the service is operated on the hospital campus.

- 7. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant agrees to comply with reporting requirements.

- 8. In light of Rule 0720-4-.01 (1), which lists the factors concerning need on which an application may be evaluated, the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

The applicant provides documentation in the Attachments of the application that Franklin and Grundy Counties contain medically underserved areas.

- b. Who documents that the service area population experiences a prevalence, incidence and/or mortality from cancer, heart disease, neurological impairment or other clinical conditions applicable to PET unit services that is substantially higher than the State of Tennessee average;

This criterion is not applicable.

- c. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program and/or is a comprehensive cancer diagnosis and treatment program as designated by the Tennessee Department of Health and/or the Tennessee Comprehensive Cancer Control Coalition; or

This criterion is not applicable.

- d. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

STMC has contracts with AmeriGroup, United Healthcare Community Plan, and Select.